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1984 Cost of Doing Business Survey



COST OF DOING BUSINESS SURVEY

Prepared for —
American Rental Association
1900 - 19th Street
Moline, Illinois 61265
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A REVIEW OF 1984

There were 376 respondents to the 1984 *Cost of Doing Business Survey*, and they reported total revenues of \$367 million. The distribution of respondents, by revenue group, was:

Revenue Group	Number of Respondents			
	1984	1983	1982	1981
0 to \$100,000	12	21	26	20
\$100,001-\$200,000	50	47	62	53
\$200,001-\$500,000	131	142	137	131
\$500,001-\$1 million	92	84	88	63
Over \$1 million	91	69	68	62
Total Respondents	376	363	381	329
Total Revenues (millions)	\$366.8	\$292.6	\$285.9	\$242.0

Figures 1 and 2 show sources of revenues and expenses for all respondents. Figures 3 and 4 show the ratio of operating profit to gross operating profit for 1981-1984 by size, source of revenue and type of equipment rented.

Profitability

The profitability of rental firms continued its upward climb from the low-earning years of 1981 and 1982, with substantial earnings in 1984. Pretax return on investment reached 24.5 percent in 1984, the highest since 1979, compared to 17.9 percent in 1983 and 11.4 percent in 1982.

Pretax return on total assets (11.5 percent) and pretax return on revenues (8.1 percent) were also the highest since 1979.

Total net income before taxes of the 376 respondents in 1984 was \$29.8 million, an average of \$79,300 per respondent, a substantial increase over the \$51,360 average for the 363 respondents in 1983. This was partly due to a substantial increase in the proportion of respondents with total revenues over \$500,000.

Profitability related to size of firm. Average net income before taxes increased in 1984 in all size categories except the smallest which showed a loss for the year.

The following table compares these averages for the last three years:

Size of Firm (Revenues)	Average Pretax Earnings		
	1984	1983	1982
Under \$100,000	\$ (4,230)	\$ 2,360	\$ 1,220
\$100,001-\$200,000	8,630	5,680	2,610
\$200,001-\$500,000	29,110	22,020	13,700
\$500,001-\$1 million	57,980	40,010	37,100
Over \$1 million	222,980	171,560	83,500
Average	\$79,300	\$51,360	\$28,900

Return on investment was again highest in the \$200,001-\$500,000 sized firms at 25.9 percent. Return on total assets (12.4 percent) was highest for the firms in the \$500,001-\$1 million size.

Profitability related to source of revenues. Firms deriving most of their revenues from rentals (70 percent or more) had a slightly higher return on investment (24.7 percent) than those firms deriving less than 70 percent from rentals (23.9 percent). However, sales-oriented firms showed the best improvement with a 49 percent increase in return on investment and over 50 percent increases in returns on revenues and total assets.

Average net income before taxes for respondents showing over 70 percent of revenue from rentals was \$81,886 in 1984 compared with \$54,758 in 1983. Comparable averages for those firms with less than 70 percent from rentals were \$73,522 in 1984 and \$41,478 in 1983.

The firms with revenues of \$500,001 to \$1 million showed the best return on investment (26.9 percent) in the over 70 percent rental category; while the firms with over \$1 million in revenues had the best return on investment (25.7 percent) in the less than 70 percent rental category.

Profitability related to type of equipment rented. Return on investment (ROI) increased in 1984 for the general rental and construction-industrial categories but declined for the medical-party, audio-visual firms. Construction and industrial firms led with a 25.2 percent ROI, a 56 percent increase over 1983.

Profitability related to regions. Firms in all regions except the Northeast and Southwest registered an improvement in their return on investment (ROI) over 1983. The most dramatic increase was in the Great Lakes region with an increase in ROI from nine percent in 1983 to 25.7 percent in 1984. Other large increases were recorded by the Eastern region, from 19.3 percent in 1983 to 37.5 percent in 1984 (the highest of any region); and the Rocky Mountain region from 16.8 percent in 1983 to 30.2 percent in 1984.

Expenses

Labor costs (salaries, wages and benefits) continued to decline from the high point of 1982. These costs were 37.1 percent of gross operating profit in 1984 compared to 38.2 percent in 1983 and 39.7 percent in 1982. Other major expenses, except depreciation, showed very little change. Depreciation dropped from 15.3 percent of gross operating profit in 1983 to 14.3 percent in 1984.

Financial Condition

The net worth of all respondents decreased from 49.3 percent of total assets in 1983 to 47.2 percent in 1984. Long-term debt and current liabilities each increased approximately one percent to offset this reduction.

Accounts receivable increased from 13.1 percent of total assets in 1983 to 14.3 percent in 1984, and the average collection period increased from 35 days in 1983 to 37 days in 1984.

The current ratio remained the same as it has been for the last two years at 1.4 to one.

Other Financial Indicators

Rental revenues to net rental investment (after accumulated depreciation) decreased from 2.09 times in 1983 to 2.03 times in 1984, but rental revenues to equipment cost increased from .83 times in 1983 to .88 times in 1984.

Yellow Page advertising and proprietors' salaries and drawings both showed only minor increases over 1983 for those firms reporting these special items. Salaries and drawings rose from an average of \$43,753 in 1983 to \$44,147 in 1984. Yellow Page advertising rose from an average of \$8,444 in 1983 to \$9,178 in 1984.

Other Comments

More detailed tabulations for firms in each major rental category will be made available to members in addition to this survey. Average income, expense and balance sheet items by region and by type of equipment rented will also be made available.

FIGURE 1. SOURCES OF REVENUE, 376 RESPONDENTS, 1984

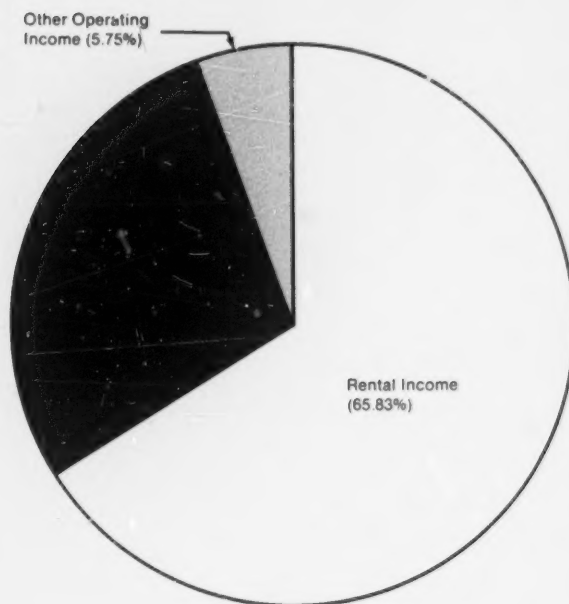


FIGURE 2. MAJOR EXPENSE CATEGORIES, 376 RESPONDENTS, 1984

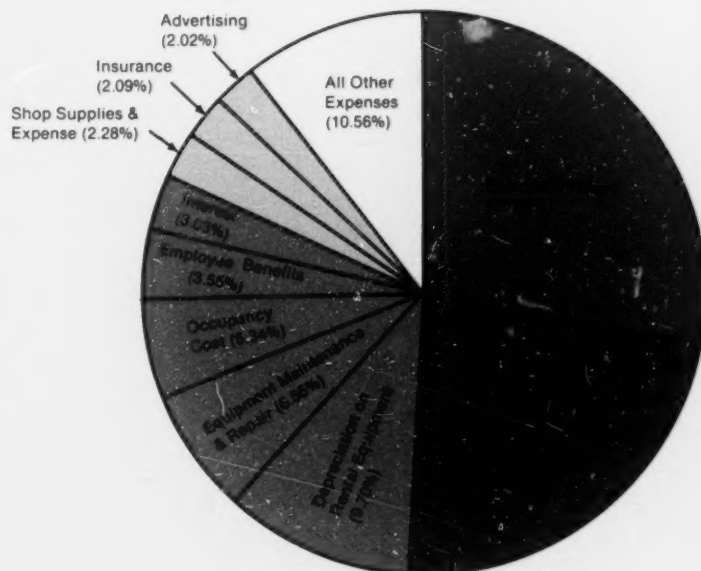


FIGURE 3. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY REVENUE CATEGORY, 1981-1984

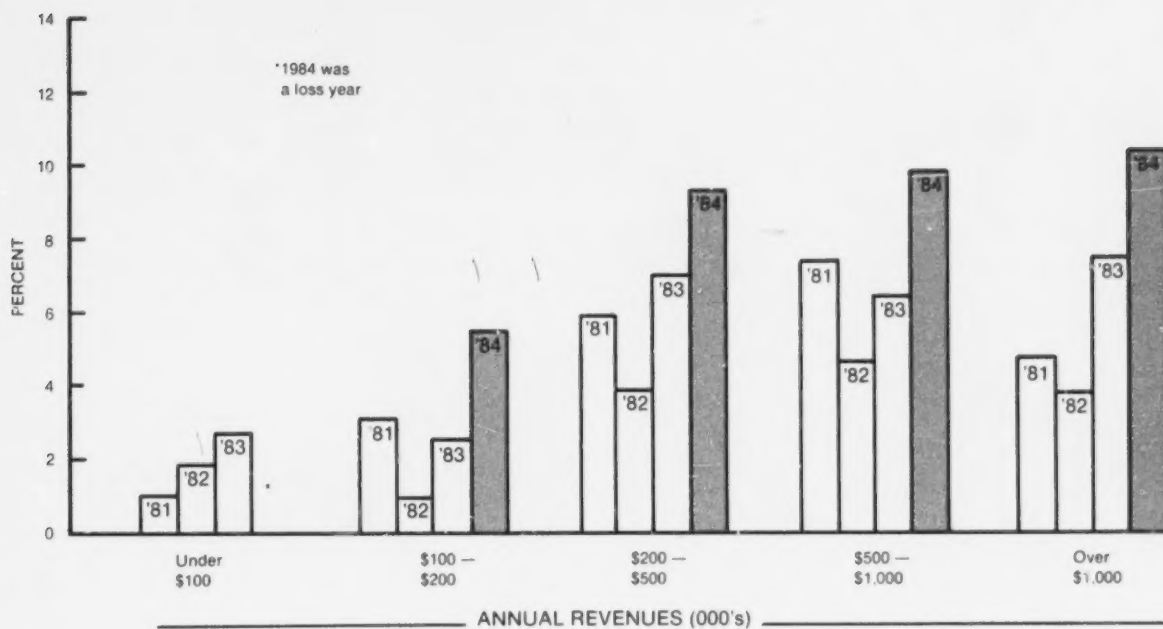
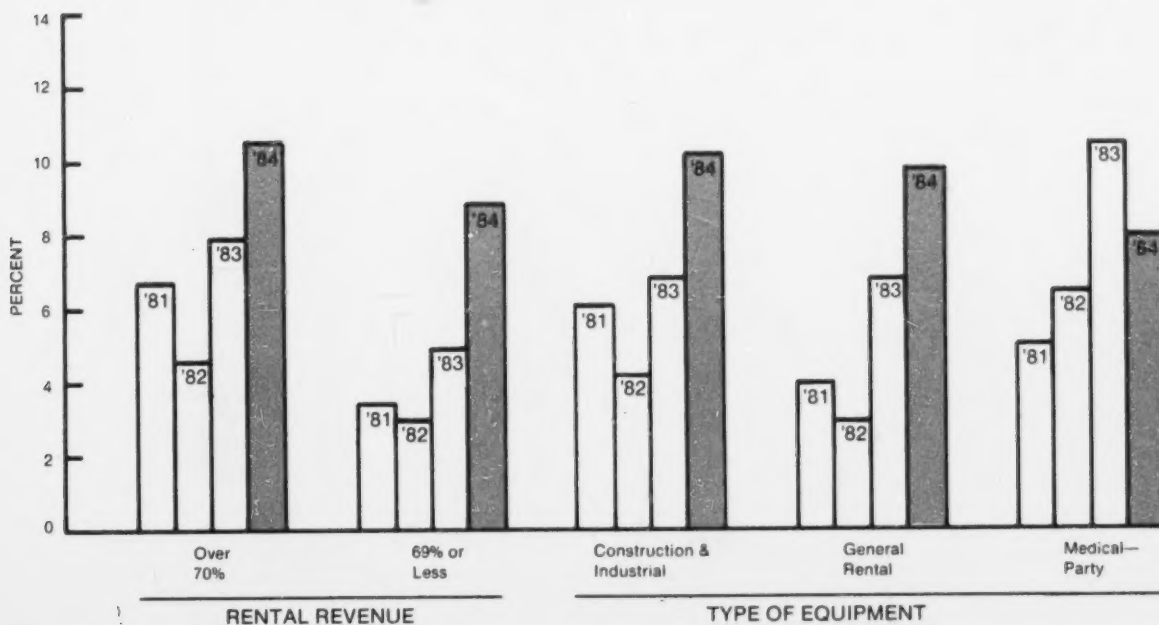


FIGURE 4. RATIO OF OPERATING PROFIT TO GROSS OPERATING PROFIT BY SOURCE OF REVENUE AND TYPE OF EQUIPMENT RENTED, 1981-1984



SECTION 1. FINANCIAL DATA FOR ALL RESPONDENTS

The 376 responding firms had average revenues of \$975,572, up twenty-one percent from the \$806,112 reported in 1983.

Key financial ratios for 1984 and three prior years are shown below.

FINANCIAL RATIOS	1984	1983	1982	1981
CURRENT RATIO (current assets ÷ current liabilities)	1.4	1.4	1.4	1.3
ACID TEST RATIO (cash, marketable securities and accounts receivable ÷ current liabilities)	.89	.89	.78	.78
RETURN ON INVESTMENT (net income before taxes ÷ net worth)	24.5%	17.9%	11.4%	16.5%
RETURN ON TOTAL ASSETS (net income before taxes ÷ total assets)	11.5%	8.8%	5.3%	7.1%
RETURN ON REVENUES (net income before taxes ÷ revenues)	8.1%	6.4%	3.9%	5.0%
AVERAGE COLLECTION PERIOD (accounts receivable ÷ average daily revenues)	37 days	35 days	32 days	35 days
PROFITS ON RENTAL INVESTMENT (net income before taxes ÷ net rental equipment)	25.0%	19.3%	12.0%	15.6%
TOTAL REVENUES TO RENTAL INVESTMENT (total revenues ÷ net rental equipment)	3.08 times	3.03 times	3.12 times	3.11 times
RENTAL REVENUES TO RENTAL INVESTMENT (rental income ÷ net rental equipment)	2.03 times	2.09 times	2.05 times	1.97 times
RENTAL REVENUES TO EQUIPMENT COST (rental income ÷ cost of rental equipment)	.88 times	.83 times	.85 times	.87 times

Shown below is a table containing the ratio of major expenses and net operating profit to gross operating profit for all respondents:

PERCENTS OF GROSS OPERATING PROFIT:				
Salaries & Wages	32.6%	33.7%	34.9%	33.4%
Employee Benefits	4.5	4.5	4.8	4.6
TOTAL	37.1	38.2	39.7	38.0
Depreciation (All)	14.3	15.3	14.7	15.1
Occupancy Cost	6.8	6.7	6.7	6.1
Equipment Maintenance & Repair	8.3	8.0	7.5	7.8
Interest	3.9	4.0	5.2	5.7
Advertising & Promotion	2.6	2.8	2.7	2.6
Insurance	2.7	2.8	3.3	3.4
Shop Supplies & Expense	2.9	2.9	3.9	4.3
OPERATING PROFIT	9.8	7.0	3.9	5.5

Table I-1 reports income and expense on an aggregated basis for all firms responding in 1981 through 1984. Table I-2 contains more detail on expenses, and Table I-3 presents balance sheets for the four years.

TABLE I-1. SUMMARY OF INCOME AND EXPENSE, ALL RESPONDENTS

Income & Expense Categories	1984		1983		1982		1981		Insert Your Own Figures Here
	Dollars	Percent of Total Income	Dollars	Percent of Total Income	Dollars	Percent of Total Income	Dollars	Percent of Total Income	
Rental Income	241,475,861	65.83	201,779,006	68.96	187,241,384	65.49	153,080,509	63.25	—
Merchandise & Equipment Sales	104,254,649	28.42	74,440,459	25.44	79,334,629	27.75	71,138,773	29.39	—
Other Operating Income	21,084,554	5.75	16,399,189	5.60	19,349,911	6.77	17,811,297	7.36	—
Total Operating Income	366,815,064	100.00	292,618,654	100.00	285,925,924	100.00	242,030,579	100.00	—
Less Cost of Sales	78,642,217	21.44	57,713,537	19.72	59,192,168	20.70	53,380,943	22.06	—
Gross Operating Profit	288,172,847	78.56	234,905,117	80.28	226,733,756	79.30	188,649,636	77.94	—
OPERATING EXPENSES:									
Salaries & Wages	94,028,832	25.63	79,252,092	27.08	79,082,944	27.66	63,019,333	26.04	—
Employee Benefits & Taxes	13,038,236	3.55	10,647,096	3.64	10,794,012	3.78	8,723,582	3.60	—
Equipment Maintenance & Repair	24,011,818	6.55	18,776,154	6.42	17,071,258	5.97	14,700,536	6.07	—
Shop Supplies & Expense	8,384,592	2.28	6,790,163	2.32	8,860,434	3.10	8,164,560	3.37	—
Occupancy Cost	19,582,459	5.34	15,785,206	5.39	15,146,441	5.30	11,554,814	4.77	—
Bad Debts Expense	3,834,221	1.05	2,309,755	0.79	2,355,940	0.82	2,488,949	1.03	—
Office Supplies & Expenses	3,940,718	1.07	3,407,156	1.16	3,245,348	1.14	2,245,080	0.93	—
Associations & Travel Expense	2,565,202	0.70	2,003,249	0.68	1,775,940	0.62	1,600,599	0.66	—
Legal & Accounting	2,951,202	0.80	2,242,821	0.77	2,414,592	0.84	2,189,562	0.90	—
Telephone & Other Communications	3,038,155	0.83	2,799,679	0.96	2,652,890	0.93	1,903,782	0.79	—
Automobile & Truck Expense	6,156,658	1.68	5,374,002	1.84	5,941,173	2.08	4,282,011	1.77	—
Insurance	7,674,083	2.09	6,592,648	2.25	7,474,465	2.61	6,479,975	2.68	—
Advertising & Promotion	7,417,136	2.02	6,472,969	2.21	6,130,296	2.14	4,848,625	2.00	—
Other Taxes	3,507,131	0.96	3,146,751	1.08	2,909,432	1.02	2,645,232	1.09	—
Interest	11,178,556	3.03	9,505,055	3.25	11,766,149	4.12	10,693,695	4.42	—
Franchise Fees	972,376	0.27	889,649	0.30	843,721	0.30	662,030	0.27	—
Depreciation, Non-Rental Equipment	5,671,559	1.55	5,094,167	1.74	4,748,598	1.66	3,641,551	1.50	—
Other Operating Expenses	6,063,510	1.65	6,494,327	2.22	5,979,567	2.09	3,756,558	1.55	—
TOTAL OPERATING EXPENSES	223,836,439	61.05	187,582,939	64.10	189,193,200	66.17	153,600,474	63.46	—
Operating Profit Before Rental Depr.	84,236,408	17.51	47,322,178	16.17	37,540,556	13.13	35,049,162	14.48	—
Depreciation on Rental Equipment	35,567,840	9.70	30,784,086	10.52	28,644,429	10.02	24,772,883	10.24	—
OPERATING PROFIT	26,668,568	7.82	16,538,092	5.65	8,896,127	3.11	10,276,279	4.25	—
Other Income & Expense (Net)	1,150,370	0.31	2,104,077	0.72	2,111,797	0.74	1,848,010	0.76	—
NET INCOME BEFORE INCOME TAXES	20,818,938	8.13	18,642,169	6.37	11,007,924	3.85	12,124,289	5.01	—
NUMBER OF RESPONDENTS	376		363		381		329		

Special Notes for 1984

Proprietors' salary and drawings
(average for firms reporting)
\$44,147
5.3%
Percent of total income (68 firms)
Yellow Pages advertising
\$ 9,178
41.7%
(average for firms reporting)
Percent of total advertising (194 firms)

NOTE: Due to rounding, percentages
may not add to the one-hundredth
of a percent.

TABLE I-2. EXPENSES AS A PERCENT OF GROSS OPERATING PROFIT

EXPENSE CATEGORIES	1984	1983	1982	1981
GROSS OPERATING PROFITS	100.00	100.00	100.00	100.00
EXPENSES:				
Salaries & Wages	32.63	33.74	34.88	33.41
Employee Benefits & Taxes	4.52	4.53	4.76	4.62
Equipment Maintenance & Repair	5.33	7.99	7.53	7.79
Shop Supplies & Expense	2.90	2.89	3.91	4.33
Occupancy Cost	6.80	6.72	6.68	6.13
Bad Debt Expense	1.33	.98	1.04	1.32
Office Supplies & Expense	1.37	1.45	1.43	1.19
Association & Travel Expense	.89	.85	.78	.85
Legal & Accounting	1.02	.95	1.06	1.16
Telephone & Other Communications	1.06	1.19	1.17	1.01
Auto & Truck Expense	2.14	2.29	2.62	2.27
Insurance	2.66	2.81	3.30	3.43
Advertising & Promotion	2.57	2.76	2.70	2.57
Other Taxes	1.22	1.34	1.28	1.40
Interest	3.86	4.05	5.19	5.67
Franchise Fees	.34	.38	.37	.35
Depreciation—Non-Rental Equipment	1.97	2.17	2.09	1.93
Other Operating Expenses	2.10	2.76	2.64	1.99
Depreciation—Rental Equipment	12.34	13.10	12.63	13.13
OPERATING PROFIT	9.95	7.04	3.92	5.45

TABLE I-3. SUMMARY OF BALANCE SHEETS, ALL RESPONDENTS

	1984		1983		1982		1981		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:									
Cash	18,855,445	7.68	17,109,931	8.09	12,757,610	6.16	9,674,818	5.67	
Accounts Receivable (Net)	36,883,001	14.27	27,616,479	13.05	24,708,806	11.92	22,912,183	13.42	
Merchandise Inventories	25,993,915	9.94	20,966,351	9.91	25,165,617	12.14	18,482,764	10.82	
Marketable Securities	1,782,115	0.69	1,841,927	0.87	2,370,796	1.14	2,969,752	1.74	
Prepaid Expenses	3,104,441	1.20	2,637,728	1.25	3,427,299	1.65	3,262,624	1.91	
Supplies Inventory	907,361	0.35	505,595	0.24	897,337	0.43	679,102	0.40	
Other Current Assets	5,427,050	2.10	3,488,051	1.65	3,211,590	1.55	2,843,030	1.67	
Total Current Assets	83,653,326	36.23	74,166,062	35.06	72,539,055	35.00	60,824,273	35.62	
Rental Equipment—Net Book Value	119,186,360	46.11	96,421,476	45.58	91,500,632	44.15	77,871,526	45.61	
Other Fixed Assets—Net Book Value	37,542,443	14.52	33,282,086	15.73	34,055,535	16.43	24,551,008	14.38	
Total Fixed Assets	156,728,803	60.64	129,703,562	61.31	125,556,167	60.58	102,422,534	59.99	
Other Assets	8,067,940	3.13	7,694,930	3.64	9,168,408	4.42	7,495,542	4.39	
TOTAL ASSETS	258,470,071	100.00	211,564,554	100.00	207,263,630	100.00	170,742,349	100.00	
CURRENT LIABILITIES:									
Accounts Payable	19,369,074	7.49	14,180,404	6.70	12,479,129	6.02	10,083,436	5.91	
Current Notes Payable	29,614,566	11.54	21,891,783	10.35	25,582,949	12.34	23,746,425	13.91	
Contracts Payable	2,716,517	1.05	4,178,400	1.98	2,287,735	1.10	3,652,081	2.14	
Customers' Rental Deposits	476,653	0.18	629,008	0.30	581,653	0.28	451,413	0.26	
Accrued Expenses	6,280,207	2.43	5,676,501	2.68	4,726,651	2.28	4,385,018	2.57	
Taxes Payable	3,841,066	1.49	3,308,270	1.56	2,496,662	1.20	2,209,646	1.29	
Other Current Liabilities	2,997,735	1.16	2,309,913	1.09	2,882,644	1.39	1,292,579	0.76	
Total Current Liabilities	55,495,816	25.34	52,174,279	24.66	51,037,423	24.62	45,820,598	26.84	
Long-Term Debt	83,712,941	32.65	49,962,656	23.62	55,037,055	26.55	46,370,457	27.16	
Other Liabilities	7,379,262	2.86	5,215,601	2.47	4,788,162	2.31	4,883,074	2.86	
Total Liabilities	136,588,046	52.84	107,352,536	50.74	110,862,640	53.49	97,074,129	56.85	
Net Worth	121,882,022	47.16	104,212,018	49.26	96,400,990	46.51	73,668,220	43.15	
TOTAL LIABILITIES & NET WORTH	258,470,071	100.00	211,564,554	100.00	207,263,630	100.00	170,742,349	100.00	
NUMBER OF RESPONDENTS	376		363		381		329		

Note: Due to rounding, percentages in this and other tables may not add to the one-hundredth of a percent.

SECTION II. FINANCIAL DATA RELATED TO SIZE OF FIRM

Tables II-1 through II-3 present income and expense, balance sheet, and financial ratios for rental firms in five size categories for 1981-1984. Figure II-1 below contains return on investment for firms in each size category for 1981 through 1984.

FIGURE II-1. RETURN ON INVESTMENT BY SIZE OF FIRM, 1981-1984.

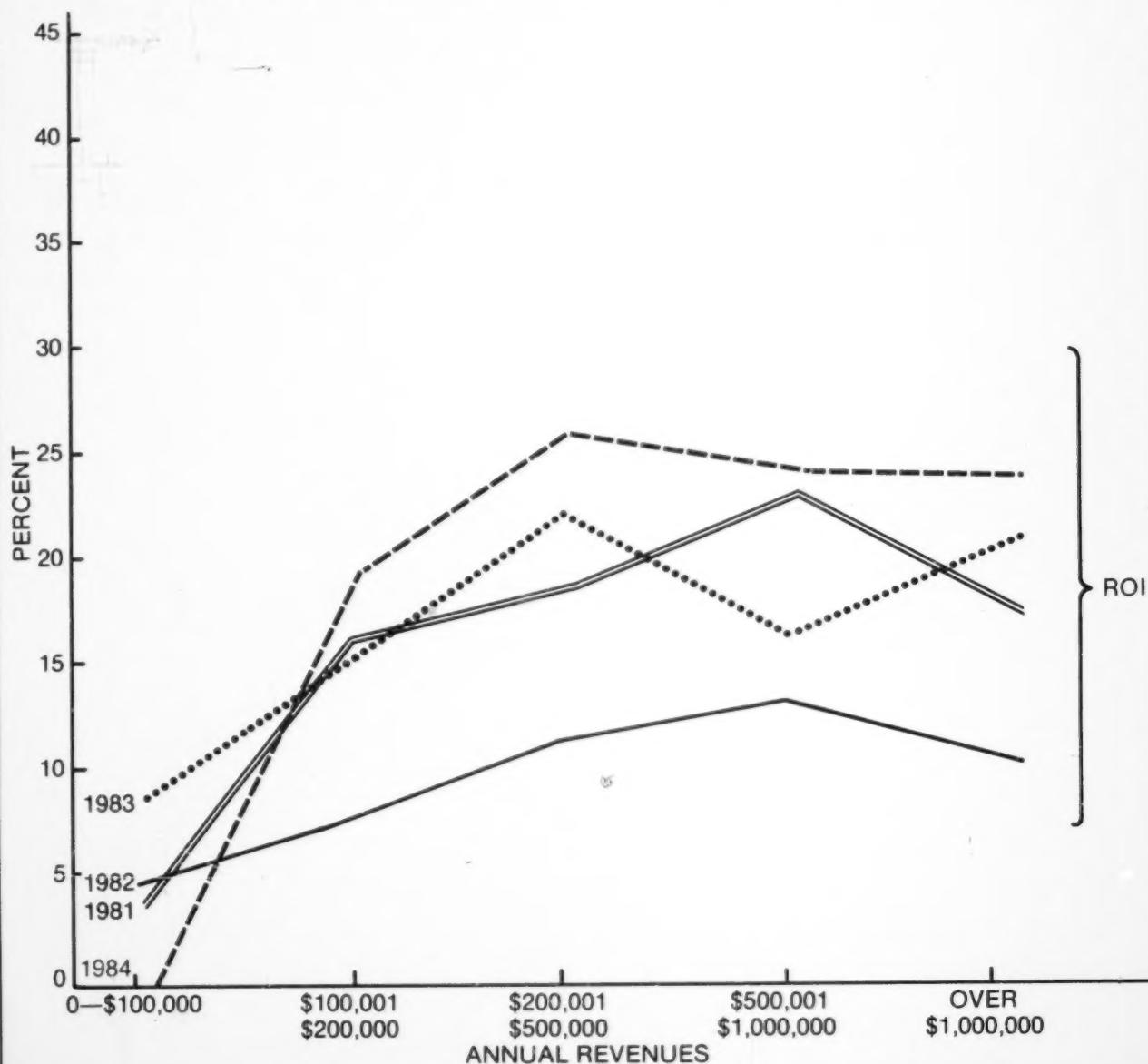


TABLE II-1. INCOME AND EXPENSE BY ANNUAL REVENUE, 1984

	\$000-\$100,000		\$100,001-\$200,000		\$200,001-\$500,000		\$500,001-\$1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
Rental Income	572,037	75.06	6,032,020	79.76	34,172,166	75.02	43,712,792	67.91	156,966,844	63.16
Merchandise & Equipment Sales	113,021	14.83	1,018,556	13.47	6,675,721	19.35	16,885,380	26.23	77,561,971	31.20
Other Operating Income	77,003	10.10	511,768	6.77	2,704,513	6.94	3,771,347	5.86	14,019,923	5.64
Total Operating Income	762,061	100.00	7,562,344	100.00	45,552,402	100.00	64,369,519	100.00	248,568,738	100.00
Less Cost of Sales	84,685	11.11	680,899	9.00	6,282,885	13.75	12,458,196	19.35	59,155,572	23.80
Gross Operating Profit	677,376	88.89	6,881,445	91.00	39,269,537	86.25	51,911,323	80.65	189,413,166	76.20
OPERATING EXPENSES:										
Salaries & Wages	181,198	23.76	2,075,911	27.45	12,585,497	27.63	16,956,423	26.34	62,228,802	25.04
Employee Benefits & Taxes	17,312	2.27	219,745	2.91	1,573,147	3.45	2,403,709	3.73	8,824,323	3.55
Equipment Maintenance & Repair	71,599	9.40	517,802	6.85	3,030,424	6.65	3,921,487	6.09	16,470,506	6.63
Shop Supplies & Expense	30,525	4.01	239,253	3.16	1,199,134	2.63	1,675,609	2.60	5,220,071	2.10
Occupancy Cost	86,285	11.32	699,915	9.26	3,185,973	6.99	3,532,957	5.49	12,077,325	4.86
Bad Debts Expense	4,567	0.60	20,133	0.27	266,761	0.59	499,083	0.78	3,043,677	1.22
Office Supplies & Expenses	14,375	1.89	105,930	1.40	547,337	1.20	826,983	1.28	2,446,003	0.96
Associations & Travel Expense	5,184	0.68	68,497	0.91	484,870	1.02	507,710	0.79	1,519,139	0.61
Legal & Accounting	5,869	0.77	80,159	1.06	472,118	1.04	572,197	0.89	1,820,859	0.73
Telephone & Other Communications	24,730	3.25	119,142	1.58	480,043	1.05	562,904	0.87	1,851,336	0.74
Automobile & Truck Expense	9,475	1.24	194,753	2.58	767,025	1.68	960,935	1.49	4,224,470	1.70
Insurance	31,802	4.17	221,206	2.93	1,179,065	2.59	1,582,641	2.46	4,859,369	1.87
Advertising & Promotion	25,971	3.41	259,766	3.43	1,228,572	2.69	1,575,982	2.45	4,328,845	1.74
Other Taxes	10,375	1.36	85,732	1.13	432,598	0.95	673,865	1.05	2,304,561	0.93
Interest	51,723	5.79	377,350	4.99	1,712,794	3.76	1,944,191	3.02	7,032,498	2.83
Franchise Fees	1,580	0.21	123,099	1.63	311,441	0.68	215,740	0.34	320,510	0.13
Depreciation, Non-Rental Equipment	18,563	2.57	81,673	1.08	618,791	1.30	1,094,885	1.70	3,656,647	1.47
Other Operating Expenses	7,502	0.98	204,042	2.70	545,878	1.20	759,091	1.18	4,547,197	1.83
TOTAL OPERATING EXPENSES	599,637	78.69	5,694,108	75.30	30,799,068	67.61	40,266,392	62.56	146,577,234	58.97
Operating Profit Before Rental Depr.	77,739	10.20	1,187,337	15.70	8,430,469	18.64	11,644,931	18.09	42,835,932	17.23
Depreciation on Rental Equipment	129,845	17.04	808,338	10.69	4,854,079	10.66	6,561,219	10.19	23,214,419	9.34
OPERATING PROFIT	-52,106	-6.84	378,999	5.01	5,636,450	7.98	5,083,712	7.90	19,621,513	7.89
Other Income & Expense (Net)	1,321	0.17	52,567	0.70	177,064	0.39	250,127	0.39	669,271	0.27
NET INCOME BEFORE INCOME TAXES	-50,785	-6.66	431,566	5.71	3,813,534	8.37	5,333,839	8.29	20,290,784	8.16
NUMBER OF RESPONDENTS	12		50		131		92		91	

TABLE II-2. BALANCE SHEETS BY ANNUAL REVENUE, 1984

	\$000—\$100,000		\$100,001—\$200,000		\$200,001—\$500,000		\$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	64,347	4.16	517,512	7.87	2,906,671	8.63	3,541,939	8.21	12,824,978	7.38
Accounts Receivable (Net)	184,233	11.92	341,341	5.19	2,909,991	8.69	4,621,447	10.71	28,825,989	16.59
Merchandise Inventories	247,878	16.04	387,436	5.89	2,822,824	8.43	4,371,061	10.13	17,884,712	10.28
Marketable Securities	1,888	0.12	200,508	3.05	267,226	0.80	254,719	0.59	1,057,774	0.61
Prepaid Expenses	4,204	0.27	37,386	0.57	323,350	0.97	427,524	0.99	2,311,977	1.33
Supplies Inventory	718	0.05	31,625	0.48	123,331	0.37	189,973	0.44	581,714	0.32
Other Current Assets	7,427	0.48	506,567	7.70	980,083	2.87	928,524	2.15	3,024,449	1.74
Total Current Assets	510,695	33.05	2,022,375	30.75	10,313,474	30.80	14,335,187	33.22	66,471,595	38.28
Rental Equipment—Net Book Value	580,432	37.57	3,274,062	49.78	15,853,770	47.35	21,292,114	49.35	78,185,982	45.01
Other Fixed Assets—Net Book Value	453,089	29.33	1,136,699	17.28	5,938,964	17.74	6,314,796	14.64	23,898,885	13.64
Total Fixed Assets	1,033,531	66.89	4,410,761	67.06	21,792,734	65.08	27,606,910	63.98	101,884,867	58.65
Other Assets	826	0.05	144,426	2.20	1,377,882	4.12	1,205,863	2.79	5,358,943	3.08
TOTAL ASSETS	1,545,052	100.00	6,577,562	100.00	33,484,002	100.00	43,147,960	100.00	173,715,405	100.00
CURRENT LIABILITIES:										
Accounts Payable	124,816	8.08	462,789	7.04	1,686,271	5.04	2,615,491	6.06	14,477,707	8.33
Current Notes Payable	169,934	11.00	704,566	10.71	4,196,473	12.53	4,085,690	9.47	20,657,902	11.89
Contracts Payable	43,487	2.81	78,492	1.19	282,732	0.84	341,755	0.79	1,970,051	1.13
Customers' Rental Deposits	742	0.05	13,300	0.20	82,481	0.25	105,450	0.24	274,680	0.16
Accrued Expenses	9,114	0.59	170,597	2.59	386,564	1.15	745,227	1.73	4,988,705	2.88
Taxes Payable	23,424	1.52	82,405	1.25	428,646	1.28	573,722	1.33	2,732,889	1.57
Other Current Liabilities	10,283	0.67	224,090	3.41	384,063	1.15	476,353	1.10	1,903,006	1.10
Total Current Liabilities	381,800	24.71	1,736,239	26.40	7,449,170	22.25	8,943,688	20.73	46,984,919	27.05
Long-Term Debt	443,700	28.72	2,249,133	34.19	9,974,541	29.79	11,604,792	26.90	39,440,775	22.70
Other Liabilities	15,856	1.03	401,740	6.11	1,324,288	3.98	848,368	1.97	4,779,040	2.75
Total Liabilities	841,356	54.45	4,387,112	66.70	16,757,999	50.02	21,396,848	49.59	91,204,734	52.50
Net Worth	703,696	45.55	2,190,450	33.30	14,726,003	43.98	21,751,112	50.41	82,510,671	47.50
TOTAL LIABILITIES & NET WORTH	1,545,052	100.00	6,577,562	100.00	33,484,002	100.00	43,147,960	100.00	173,715,405	100.00
NUMBER OF RESPONDENTS	12		50		131		92		91	

TABLE II-3. FINANCIAL RATIOS BY REVENUE CATEGORY, 1981-1984

Financial Ratio	\$000-\$100,000				\$100,001-\$200,000				\$200,001-\$500,000				\$500,001-\$1 Million				Over 1 Million			
	1984	1983	1982	1981	1984	1983	1982	1981	1984	1983	1982	1981	1984	1983	1982	1981	1984	1983	1982	1981
Current Ratio	1.34	.70	.98	1.11	1.16	1.14	1.02	1.45	1.38	1.42	1.26	1.61	1.60	1.84	1.82	1.55	1.41	1.35	1.39	1.23
Acid Test Ratio	.66	.39	.41	.74	.61	.58	.60	.86	.82	.83	.72	1.04	.94	1.18	1.09	.92	.91	.86	.74	.70
Return on Investment	Loss	8.2	2.9	2.0	19.7	14.7	7.7	15.0	25.9	21.8	11.3	16.6	24.5	14.9	13.3	21.2	24.6	18.3	10.9	15.0
Return on Total Assets	Loss	2.7	0.9	0.5	6.6	4.5	2.2	5.1	11.4	9.1	5.2	7.7	12.4	8.3	7.6	10.0	11.7	9.2	4.8	6.3
Return on Revenues	Loss	3.1	1.4	0.5	5.7	3.6	1.7	3.9	8.4	6.7	4.1	5.8	8.3	5.7	5.2	7.0	8.3	6.7	3.4	4.3
Average Collection Period (Days)	88	13	20	11	17	19	18	18	23	20	19	22	26	29	24	29	42	41	39	41
Profits on Rental Investment	Loss	5.0	2.2	0.8	13.2	9.4	3.9	9.0	24.1	18.9	10.9	16.0	25.1	18.0	16.3	20.9	26.0	20.6	11.6	14.4
Total Revenues to Rental Investment	1.3	1.6	1.6	1.7	2.3	2.6	2.3	2.3	2.9	2.8	2.7	2.8	3.0	3.2	3.1	3.0	.2	3.1	3.4	3.4
Rental Revenues to Rental Investment	1.0	1.3	1.3	1.3	1.6	2.1	1.8	1.9	2.2	2.2	2.1	2.2	2.1	2.3	2.3	2.1	2.0	2.0	2.0	1.9
Rental Revenues to Equipment Cost	.6	.6	.6	.7	.9	.8	.8	.9	.9	.8	.9	.9	.9	.9	.9	.9	.9	.8	.8	.8
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	26.6	26.6	26.7	27.8	30.2	32.3	29.4	28.7	32.0	33.0	34.6	34.3	32.7	36.3	36.1	33.1	32.9	33.2	35.0	33.6
Employee Benefits	2.6	3.2	3.0	2.6	3.2	4.5	3.8	3.5	4.0	4.2	4.6	4.5	4.6	5.0	5.1	4.4	4.7	4.5	4.7	4.8
Total	29.4	29.8	29.7	30.4	33.4	36.8	33.2	32.2	36.0	37.2	39.2	38.8	37.3	41.3	41.2	37.5	37.6	37.7	39.7	38.4
Depreciation (All)	22.1	22.4	20.8	15.4	12.9	16.1	15.3	15.7	14.4	14.7	14.9	13.6	14.7	13.6	13.8	14.2	14.2	15.9	15.0	15.8
Occupancy Cost	12.7	8.7	11.5	13.4	10.2	10.0	11.0	10.5	8.1	8.2	8.2	7.4	6.8	7.5	7.5	6.6	6.4	5.8	5.5	5.2
Equipment Maintenance & Repair	10.6	5.3	7.0	5.8	7.5	6.8	6.9	6.6	7.7	7.8	7.2	7.6	7.6	7.0	7.8	7.7	8.7	8.5	7.6	8.0
Interest	7.6	6.8	5.8	5.7	5.5	5.6	7.1	6.0	4.4	4.0	4.7	4.3	3.7	3.2	3.8	4.3	3.7	4.2	5.8	6.5
Advertising & Promotion	3.8	4.8	4.0	4.8	3.8	3.8	3.7	4.4	3.1	3.5	3.2	3.3	3.0	3.0	2.9	2.8	2.3	2.4	2.4	2.1
Insurance	4.7	3.3	3.9	3.8	3.2	3.3	4.0	4.4	3.0	3.4	3.9	4.2	3.0	3.2	3.6	3.5	2.5	2.5	2.9	3.1
Shop Supplies & Expense	4.5	3.0	2.1	5.6	3.5	2.9	3.5	3.7	3.1	1.4	3.0	3.6	3.2	2.8	3.9	4.1	2.8	2.9	4.3	4.7
OPERATING PROFIT	Loss	2.7	1.8	1.0	5.5	2.5	0.9	3.1	3.3	7.0	3.9	5.9	6.8	6.5	4.7	7.4	10.4	7.5	3.8	4.8
NUMBER OF RESPONDENTS	12	21	26	20	50	47	62	53	131	142	137	131	92	84	88	63	91	69	68	62

SECTION III. FINANCIAL DATA RELATED TO SOURCE OF REVENUES

The table below compares key financial ratios for firms deriving most of their revenues from rentals vs. those recording significant sales.

Tables III-1 and III-2 contain income and expense and balance sheet data for rental firms in the two categories. Tables III-3 through III-6 present similar data by size of firm in these two groups.

Financial Ratio	Over 70 Percent From Rentals				69 Percent Or Less Revenue From Rentals			
	1984	1983	1982	1981	1984	1983	1982	1981
Current Ratio	1.4	1.5	1.3	1.3	1.4	1.3	1.5	1.4
Acid Test Ratio	1.04	1.08	.90	.90	.71	.64	.66	.67
Return on Investment	24.7%	18.4%	12.6%	17.7%	23.9%	16.0%	9.1%	13.8%
Return on Total Assets	12.6%	10.0%	6.3%	8.8%	9.5%	6.1%	3.8%	4.7%
Return on Revenues	9.8%	7.8%	5.0%	8.8%	5.7%	3.7%	2.4%	2.9%
Average Collection Period (Days)	35	33	27	29	40	38	38	41
Profits on Rental Investment	24.1%	20.0%	12.4%	16.6%	27.8%	17.0%	11.2%	13.3%
Total Revenues to Rental Investment (Times)	2.4	2.5	2.5	2.4	4.9	4.6	4.6	4.5
Rental Revenues to Rental Investment (Times)	2.0	2.1	2.1	2.0	2.1	2.0	1.9	1.8
Rental Revenues to Equipment Cost (Times)	.88	.83	.87	.89	.88	.82	.80	.85
PERCENTS OF GROSS OPERATING PROFIT:								
Salaries & Wages	31.0	33.0	34.0	31.9	36.0	35.7	36.4	35.9
Employee Benefits	4.3	4.5	4.9	4.5	4.9	4.6	4.6	4.8
Total	35.3	37.5	38.9	36.4	40.9	40.3	41.0	40.7
Depreciation (All)	15.3	16.0	15.2	15.9	12.3	13.4	13.8	13.8
Occupancy Cost	7.2	7.0	7.0	6.9	6.0	6.1	6.0	4.8
Equipment Maintenance & Repair	9.1	8.5	8.3	7.9	6.7	6.8	6.1	7.6
Interest	3.5	3.6	4.7	4.7	4.7	5.2	6.2	7.2
Advertising & Promotion	2.5	2.7	2.8	2.8	2.8	2.8	2.6	2.3
Insurance	2.7	3.0	3.4	3.6	2.6	2.4	3.1	3.1
Shop Supplies & Expense	3.1	2.7	3.5	4.6	2.5	3.5	4.7	3.9
OPERATING PROFIT	10.5	7.9	4.5	6.7	8.8	4.8	3.0	3.4
NUMBER OF RESPONDENTS	260	270	271	237	116	93	110	92

TABLE III-1. INCOME AND EXPENSE BY SOURCE OF REVENUE, 1984

	REVENUE FROM RENTALS			
	Over 70 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
Rental Income	178,480,155	62.49	63,015,706	41.88
Merchandise & Equipment Sales	27,982,899	12.93	76,271,750	50.69
Other Operating Income	9,911,159	4.58	11,173,395	7.43
Total Operating Income	216,354,213	100.00	150,460,851	100.00
Less Cost of Sales	19,867,599	9.16	58,774,628	39.06
Gross Operating Profit	196,486,624	90.82	91,686,223	60.94
OPERATING EXPENSES:				
Salaries & Wages	61,006,863	28.20	33,021,969	21.95
Employee Benefits & Taxes	8,507,913	3.93	4,530,323	3.01
Equipment Maintenance & Repair	17,851,182	8.25	6,160,656	4.09
Shop Supplies & Expense	6,113,832	2.83	2,250,760	1.50
Occupancy Cost	14,076,843	6.51	5,505,813	3.66
Bad Debts Expense	2,481,350	1.15	1,352,871	0.90
Office Supplies & Expenses	2,490,268	1.15	1,450,452	0.96
Associations & Travel Expense	1,591,863	0.74	973,337	0.65
Legal & Accounting	2,099,767	0.97	851,445	0.57
Telephone & Other Communications	1,885,887	0.87	1,152,468	0.77
Automobile & Truck Expense	3,838,606	1.77	2,318,052	1.54
Insurance	5,319,491	2.46	2,354,592	1.56
Advertising & Promotion	4,887,096	2.26	2,530,038	1.68
Other Taxes	2,510,363	1.16	996,768	0.66
Interest	6,843,538	3.16	4,275,018	2.84
Franchise Fees	814,971	0.38	157,405	0.10
Depreciation, Non-Rental Equipment	3,619,487	1.67	2,052,072	1.36
Other Operating Expenses	3,570,872	1.65	2,492,638	1.66
TOTAL OPERATING EXPENSES	148,509,782	69.10	74,426,677	49.47
Operating Profit Before Rental Depr.	48,976,862	21.71	17,259,546	11.47
Depreciation on Rental Equipment	26,384,133	12.19	9,183,707	6.10
OPERATING PROFIT	20,592,729	9.52	8,075,839	5.37
Other Income & Expense (Net)	697,650	0.32	452,720	0.30
NET INCOME BEFORE INCOME TAXES	21,290,379	9.84	8,528,559	5.67
NUMBER OF RESPONDENTS	260		116	

TABLE III-2. BALANCE SHEETS BY SOURCE OF REVENUE, 1984

	REVENUE FROM RENTALS			
	Over 75 Percent		69 Percent or Less	
	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:				
Cash	15,178,949	9.13	4,378,496	4.86
Accounts Receivable (Net)	20,518,774	12.18	16,364,227	18.17
Merchandise Inventories	7,180,447	4.56	18,013,468	20.01
Marketable Securities	1,378,492	0.82	403,623	0.45
Prepaid Expenses	1,922,025	1.14	1,182,416	1.31
Supplies Inventory	885,178	0.39	242,233	0.27
Other Current Assets	3,708,413	2.20	1,718,607	1.91
Total Current Assets	51,360,258	30.49	42,303,070	46.98
Rental Equipment—Net Book Value	88,522,480	52.56	30,663,880	34.06
Other Fixed Assets—Net Book Value	23,299,371	13.83	14,243,072	15.82
Total Fixed Assets	111,821,851	66.39	44,906,952	49.88
Other Assets	5,259,309	3.12	2,828,631	3.14
TOTAL ASSETS	168,431,418	100.00	90,038,653	100.00
CURRENT LIABILITIES:				
Accounts Payable	8,844,258	5.25	10,524,816	11.69
Current Notes Payable	16,371,388	9.72	13,443,197	14.93
Contracts Payable	1,379,226	0.82	1,337,291	1.49
Customers' Rental Deposits	367,131	0.22	109,522	0.12
Accrued Expenses	4,388,985	2.43	2,191,212	2.43
Taxes Payable	2,702,327	1.60	1,138,738	1.26
Other Current Liabilities	2,028,941	1.20	968,794	1.08
Total Current Liabilities	35,782,246	21.24	29,713,570	33.00
Long-Term Debt	40,771,383	24.21	22,941,558	25.48
Other Liabilities	5,890,828	3.38	1,688,464	1.88
Total Liabilities	82,244,457	48.83	54,343,592	60.36
Net Worth	86,186,961	51.17	35,695,061	39.64
TOTAL LIABILITIES & NET WORTH	168,431,418	100.00	90,038,653	100.00
NUMBER OF RESPONDENTS	260		116	

TABLE III-3. INCOME AND EXPENSE FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTAL, 1984

	\$100-\$100,000		\$100,001-\$200,000		\$200,001-\$500,000		\$500,001-\$1 Million		Over 1 Million	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Rentall Income	341,825	87.72	5,297,631	85.50	27,442,087	82.92	31,808,090	79.80	113,570,522	83.01
Merchandise & Equipment Sales	39,345	10.0	559,725	9.03	3,637,373	11.90	5,615,592	14.09	17,230,259	13.03
Other Operating Income	8,521	2.13	338,691	5.47	1,714,396	5.16	2,437,829	6.12	5,411,722	3.96
Total Operating Income	389,691	100.00	6,196,047	100.00	33,093,861	100.00	39,861,511	100.00	136,813,503	100.00
Less Cost of Sales	26,323	6.75	363,057	5.86	2,757,016	8.33	3,673,814	9.22	13,047,318	9.54
Gross Operating Profit	363,368	93.25	5,832,990	94.14	30,336,845	91.67	36,187,697	90.78	123,766,185	90.46
OPERATING EXPENSES:										
Salaries & Wages	108,942	27.95	1,703,680	27.50	9,445,072	28.54	11,377,482	28.54	38,371,687	28.05
Employee Benefits & Taxes	9,685	2.48	180,470	2.91	1,164,511	3.58	1,556,721	4.16	5,476,531	4.00
Equipment Maintenance & Repair	32,264	8.26	437,245	7.06	2,293,308	6.93	2,861,318	7.18	12,227,022	8.94
Shop Supplies & Expense	10,409	2.67	201,198	3.25	987,886	2.92	1,266,000	3.18	3,688,339	2.68
Occupancy Cost	61,049	15.82	589,103	9.51	2,493,220	7.53	2,393,091	6.00	8,539,580	6.24
Bad Debts Expense	1,046	0.27	16,778	0.27	230,287	0.70	332,941	0.84	1,500,318	1.09
Office Supplies & Expenses	7,246	1.86	91,723	1.48	402,876	1.22	526,186	1.32	1,462,232	1.07
Associations & Travel Expense	2,488	0.64	58,409	0.94	338,767	1.02	328,999	0.83	863,200	0.63
Legal & Accounting	3,470	0.89	66,984	1.08	374,661	1.13	431,595	1.08	1,223,047	0.89
Telephone & Other Communications	9,402	2.41	104,111	1.68	358,175	1.06	349,790	0.88	1,064,206	0.78
Automobile & Truck Expense	5,852	1.50	165,898	2.68	582,563	1.76	617,463	1.55	2,466,830	1.81
Insurance	15,875	4.07	183,954	2.97	893,670	2.70	1,113,581	2.79	3,112,411	2.27
Advertising & Promotion	14,114	3.62	212,194	3.42	888,846	2.69	1,012,240	2.54	2,759,704	2.02
Other Taxes	4,946	1.27	72,028	1.16	314,630	0.95	499,065	1.25	1,619,694	1.18
Interest	26,441	6.79	313,210	5.05	1,231,405	3.72	1,229,092	3.08	4,043,390	2.96
Franchise Fees	0	0.00	77,292	1.25	310,345	0.94	207,467	0.52	219,867	0.16
Depreciation, Non-Rental Equipment	9,196	2.36	69,452	1.12	581,942	1.76	825,295	2.07	2,133,802	1.56
Other Operating Expenses	3,943	1.01	177,812	2.87	482,171	1.46	447,648	1.12	2,459,288	1.80
TOTAL OPERATING EXPENSES	326,952	83.90	4,721,541	76.20	23,374,319	70.63	27,475,989	68.93	85,610,961	68.42
Operating Profit Before Rental Depr.	36,416	9.34	1,111,449	17.94	6,962,526	21.04	8,711,708	21.85	30,154,763	22.64
Depreciation on Rental Equipment	93,840	24.03	685,858	11.07	4,007,417	12.11	4,748,003	11.91	16,849,015	12.32
Operating Profit	-57,424	-14.74	425,591	6.87	2,955,109	8.93	3,963,705	9.94	13,305,748	9.73
Other Income & Expense (Net)	1,741	0.45	32,891	0.53	45,803	0.14	72,943	0.18	543,272	0.40
NET INCOME BEFORE INCOME TAXES	-55,683	-14.29	458,482	7.40	3,000,912	9.07	4,036,648	10.13	13,850,020	10.22
NUMBER OF RESPONDENTS	6		41		97		58		58	

TABLE III-4. BALANCE SHEETS FOR FIRMS DERIVING 70 PERCENT OR MORE OF REVENUES FROM RENTALS, 1984

	\$000—\$100,000		\$100,001—\$200,000		\$200,001—\$500,000		\$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	41,307	5.41	443,995	8.22	2,197,696	9.26	2,738,837	10.02	10,055,114	8.04
Accounts Receivable (Net)	151,010	19.79	250,096	4.63	2,005,381	8.45	2,774,839	10.16	15,337,448	13.79
Merchandise Inventories	180,308	23.63	157,571	2.92	1,348,119	5.68	1,318,146	4.82	4,676,303	4.21
Marketable Securities	1,888	0.25	200,508	3.71	214,992	0.91	238,119	0.87	722,985	0.65
Prepaid Expenses	1,051	0.14	37,386	0.69	221,587	0.93	251,344	0.92	1,410,657	1.27
Supplies Inventory	375	0.05	16,625	0.31	89,483	0.38	112,131	0.41	446,514	0.40
Other Current Assets	0	0.00	490,894	9.09	545,133	2.30	619,209	2.27	2,053,207	1.85
Total Current Assets	375,939	49.26	1,597,075	29.56	6,822,391	27.90	8,052,625	29.47	34,702,228	31.21
Rental Equipment—Net Book Value	277,202	36.32	2,763,747	51.16	12,517,157	52.73	14,916,535	54.59	58,047,839	52.20
Other Fixed Assets—Net Book Value	109,900	14.40	962,534	17.82	3,727,174	15.70	3,884,842	14.22	14,514,921	13.14
Total Fixed Assets	387,102	50.73	3,726,281	68.98	16,244,331	68.43	18,801,377	68.81	72,562,760	65.34
Other Assets	92	0.01	78,868	1.46	872,855	3.68	468,837	1.72	3,832,857	3.45
TOTAL ASSETS	763,133	100.00	5,402,224	100.00	23,739,377	100.00	27,322,839	100.00	111,203,845	100.00
CURRENT LIABILITIES:										
Accounts Payable	101,089	13.25	291,435	5.39	918,332	3.87	1,058,830	3.88	6,474,572	5.82
Current Notes Payable	131,990	17.30	462,440	8.56	2,469,393	10.40	2,097,284	7.68	11,210,255	10.08
Contracts Payable	0	0.00	48,812	0.90	162,321	0.68	150,296	0.55	1,017,797	0.92
Customers' Rental Deposits	510	0.07	12,953	0.24	66,584	0.28	53,628	0.20	233,456	0.21
Accrued Expenses	7,125	0.93	162,181	3.00	230,735	0.97	652,348	2.39	3,036,606	2.73
Taxes Payable	21,545	2.82	64,467	1.19	319,246	1.34	387,757	1.42	1,909,312	1.72
Other Current Liabilities	10,279	1.35	216,738	4.01	224,254	0.94	244,349	0.89	1,333,321	1.20
Total Current Liabilities	272,538	35.71	1,259,026	23.31	4,390,871	18.50	4,644,492	17.00	25,215,319	22.67
Long-Term Debt	199,501	26.14	1,839,982	34.06	6,891,153	28.03	7,311,424	26.76	24,528,323	22.06
Other Liabilities	10,000	1.31	321,924	5.96	1,015,115	4.28	374,846	1.37	3,958,943	3.57
Total Liabilities	482,039	63.17	3,420,932	63.32	12,297,139	51.80	12,330,762	45.13	53,713,585	48.30
Net Worth	281,094	36.83	1,981,292	36.68	11,442,238	48.20	14,992,077	54.87	57,490,260	51.70
TOTAL LIABILITIES & NET WORTH	763,133	100.00	5,402,224	100.00	23,739,377	100.00	27,322,839	100.00	111,203,845	100.00
NUMBER OF RESPONDENTS	6		41		97		58		58	

TABLE III-5. INCOME AND EXPENSE FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1984

	\$500,001—\$1,000,000		\$100,001—\$200,000		\$200,001—\$500,000		\$500,001—1 Million		Over 1 Million	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Rental Income	230,212	61.82	734,389	53.75	5,730,081	54.02	11,904,702	48.57	43,416,322	38.85
Merchandise & Equipment Sales	7,676	19.79	458,831	33.58	4,730,343	38.03	11,269,788	45.98	59,731,112	53.45
Other Operating Income	68,482	18.39	173,077	12.67	990,117	7.95	1,333,518	5.44	8,608,201	7.70
Total Operating Income	372,370	100.00	1,366,297	100.00	12,458,541	100.00	24,508,008	100.00	111,755,635	100.00
Less Cost of Sales	52,362	15.67	317,842	23.26	3,505,849	28.14	8,784,382	35.84	48,108,193	41.26
Gross Operating Profit	314,008	84.33	1,048,455	76.74	8,952,692	71.86	15,723,626	64.16	65,647,442	58.74
OPERATING EXPENSES:										
Salaries & Wages	72,257	19.40	372,231	27.24	3,140,425	25.21	5,578,941	22.76	23,859,115	21.35
Employee Benefits & Taxes	7,847	2.05	39,275	2.87	388,636	3.12	746,973	3.05	3,347,792	3.00
Equipment Maintenance & Repair	39,331	10.56	80,557	5.90	737,115	5.92	1,060,169	4.33	4,243,484	3.80
Shop Supplies & Expense	20,116	5.40	38,055	2.79	231,248	1.86	409,609	1.67	1,551,732	1.39
Occupancy Cost	24,637	6.62	110,812	8.11	592,753	5.56	1,139,866	4.65	3,537,745	3.17
Bad Debts Expense	3,521	0.95	3,355	0.25	36,494	0.29	166,142	0.68	1,143,358	1.02
Office Supplies & Expenses	7,129	1.91	14,207	1.04	144,458	1.16	300,797	1.23	983,861	0.88
Associations & Travel Expense	2,686	0.72	10,088	0.74	125,903	1.01	178,711	0.73	655,939	0.59
Legal & Accounting	2,399	0.64	13,175	0.96	97,457	0.78	140,602	0.57	597,812	0.53
Telephone & Other Communications	15,328	4.12	15,031	1.10	121,868	0.98	213,114	0.87	787,127	0.70
Automobile & Truck Expense	15,927	4.28	28,855	2.11	184,462	1.48	343,472	1.40	1,757,840	1.57
Insurance	3,623	0.97	37,252	2.73	285,395	2.29	469,060	1.91	1,546,958	1.38
Advertising & Promotion	11,857	3.18	47,572	3.48	337,726	2.71	563,742	2.30	1,569,141	1.40
Other Taxes	5,429	1.46	13,704	1.00	117,968	0.95	174,800	0.71	684,867	0.61
Interest	25,282	6.78	64,140	4.69	481,389	3.86	715,099	2.92	2,989,108	2.67
Franchise Fees	1,580	0.42	45,807	3.35	1,086	0.01	8,273	0.03	100,649	0.09
Depreciation, Non-Rental Equipment	10,367	2.78	12,221	0.89	236,849	1.90	269,590	1.10	1,523,045	1.36
Other Operating Expenses	3,559	0.96	26,230	1.92	63,507	0.51	311,443	1.27	2,087,899	1.87
TOTAL OPERATING EXPENSES	272,685	73.23	972,567	71.18	7,424,749	59.60	12,790,403	52.19	52,966,273	47.39
Operating Profit Before Rental Depr.	41,323	11.10	75,888	5.55	1,527,943	12.26	2,933,223	11.97	12,681,169	11.35
Depreciation on Rental Equipment	36,005	9.67	122,480	8.96	846,602	6.80	1,813,216	7.40	6,365,404	5.70
OPERATING PROFIT	5,318	1.43	-46,592	-3.41	681,341	5.47	1,120,007	4.57	6,315,765	5.65
Other Income & Expense (Net)	-420	-0.11	19,676	1.44	131,281	1.05	177,184	0.72	124,999	0.11
NET INCOME BEFORE INCOME TAXES	4,898	1.32	-26,916	-1.97	812,622	6.52	1,297,191	5.29	6,440,764	5.76
NUMBER OF RESPONDENTS		6		9		34		34		33

TABLE III-6. BALANCE SHEETS FOR FIRMS DERIVING 69 PERCENT OR LESS OF REVENUES FROM RENTAL, 1984

	\$000—\$100,000		\$100,001—\$200,000		\$200,001—\$500,000		\$500,001—1 Million		Over 1 Million	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	23,040	2.95	73,517	6.25	708,975	7.28	803,102	5.07	2,769,862	4.43
Accounts Receivable (Net)	39,223	4.25	91,245	7.76	904,610	9.28	1,846,608	11.67	13,488,541	21.58
Merchandise Inventories	67,570	8.64	229,865	19.56	1,474,705	15.13	3,052,915	19.29	13,166,413	21.10
Marketable Securities	0	0.00	0	0.00	52,234	0.54	16,600	0.10	334,789	0.54
Prepaid Expenses	3,153	0.40	0	0.00	101,763	1.04	176,180	1.11	901,320	1.44
Supplies Inventory	343	0.04	15,000	1.28	33,848	0.35	77,842	0.49	115,200	0.18
Other Current Assets	7,427	0.95	15,673	1.33	414,950	4.26	309,315	1.95	971,243	1.55
Total Current Assets	134,756	17.23	425,300	36.19	3,691,085	37.88	6,282,562	39.70	31,768,367	50.82
Rental Equipment—Net Book Value	303,230	38.78	510,315	43.42	3,336,613	34.24	6,375,579	40.29	20,138,143	32.22
Other Fixed Assets—Net Book Value	343,199	43.89	174,165	14.82	2,211,790	22.70	2,429,954	15.36	9,083,964	14.53
Total Fixed Assets	646,429	82.67	684,480	58.24	5,548,403	56.94	8,805,533	55.64	29,222,107	46.75
Other Assets	734	0.09	65,558	5.58	505,227	5.18	737,026	4.66	1,520,080	2.43
TOTAL ASSETS	781,919	100.00	1,175,338	100.00	9,744,715	100.00	15,825,121	100.00	52,511,560	100.00
CURRENT LIABILITIES:										
Accounts Payable	23,727	3.03	171,354	14.58	769,939	7.90	1,556,661	9.84	8,003,135	12.80
Current Notes Payable	37,944	4.85	242,126	20.60	1,727,074	17.72	1,988,406	12.56	9,447,947	15.11
Contracts Payable	43,487	5.56	29,680	2.53	120,411	1.24	191,459	1.21	852,254	1.52
Customers' Rental Deposits	232	0.03	347	0.03	15,897	0.16	51,822	0.33	41,224	0.07
Accrued Expenses	1,988	0.25	8,416	0.72	155,829	1.60	92,879	0.59	1,932,096	3.09
Taxes Payable	1,879	0.24	17,938	1.53	109,400	1.12	185,965	1.18	823,556	1.32
Other Current Liabilities	4	0.00	7,352	0.63	159,749	1.64	232,004	1.47	589,685	0.91
Total Current Liabilities	109,262	13.97	477,213	40.60	3,058,299	31.38	4,299,196	27.17	21,769,600	34.82
Long-Term Debt	244,199	31.23	409,151	34.81	3,083,388	31.64	4,293,368	27.13	14,911,452	23.85
Other Liabilities	5,856	0.75	79,816	6.79	319,173	3.28	473,522	2.99	810,097	1.30
Total Liabilities	359,317	45.95	966,180	82.20	6,460,860	66.30	9,066,086	57.29	37,491,149	59.97
Net Worth	422,602	54.05	209,158	17.80	3,283,855	33.70	6,759,035	42.71	25,020,411	40.03
TOTAL LIABILITIES & NET WORTH	781,919	100.00	1,175,338	100.00	9,744,715	100.00	15,825,121	100.00	52,511,560	100.00
NUMBER OF RESPONDENTS	6		9		34		34		33	

SECTION IV. FINANCIAL DATA RELATED TO TYPE OF EQUIPMENT RENTED

Description of Three Categories

Responding firms were placed into one of three major rental categories:

1. Construction and Industrial—Air compressors/air tools; asphalt/bituminous equipment; compaction, concrete equipment, conveyors; cranes; generators/alternators; engines, pumps/ hoses; sand blasting/steam cleaners; scaffolding/shoring equipment; tractors/earth moving equipment; welders; barricades.

2. General Rental—Small hand/electric tools; gasoline powered tools; homeowner equipment; household equipment; small air compressors/air tools; utility trailers/hook-up equipment; baby equipment; rollaway beds; reducing equipment; camping equipment; audio-visual equipment; TV sets; local/one way system trucks; sports and recreational equipment; automotive; plumbing, painting, electrical tools; lawn/garden equipment; material handling equipment.

3. Medical-Party, Audio-Visual, and Others—Party equipment including tables, chairs, silver, glasses, linens; bars, rotisseries; disposables; medical equipment including wheelchairs, hospital beds, whirlpools, commodes, convalescent and sickroom equipment; mobile equipment; and specialty equipment including furniture and office equipment, convention and exhibition equipment, audio-visual equipment, costume rentals, television sets, clothes washers/dryers, refrigerators, cameras.

Construction and Industrial Equipment

Profitability increased substantially for these firms in 1984. Return on investment reached 25.2 percent in 1984, the highest return since 1979, and a 56 percent increase over 1983's ROI of 16.2 percent. Returns on total assets and revenues were also the highest since 1979.

Average income before taxes for these firms was \$127,600 in 1984 compared to \$79,500 in 1983 and \$47,000 in 1982.

Comparisons with the previous year of major expenses as a percentage of gross operating profit show that depreciation declined 1.1 percent and labor costs declined 0.7 percent. Occupancy cost and equipment maintenance rose 0.3 percent each.

Net worth of these firms dropped to 44.8 percent of total assets in 1984 from 49.6 percent in 1983. Long-term debt rose from 22.5 percent in 1983 to 25.1 percent in 1984. Accounts receivables rose 1.3 percent in 1984 from 15.3 percent of total assets in 1983 to 16.6 percent in 1984.

The ratio of rental revenues to the cost of equipment rented increased from .76 in 1983 to .81 in 1984.

General Rental

Return on investment increased from 19.1 percent in 1983 to 23.4 percent in 1984, the best since 1979. Average net income before taxes per respondent was \$49,800 in 1984 compared to \$31,700 in 1983.

Labor costs as a percentage of gross operating profit decreased substantially from 38.8 percent in 1983 to 37.0 percent in 1984. All other major expenses except interest showed a decrease also. Interest rose only 0.2 percent of gross operating profit.

The ratio of rental revenues to the cost of rental equipment increased to .98 in 1984 compared to .94 in 1983.

Net worth of general rental firms rose from 48.1 percent of total assets in 1983 to 51.0 percent in 1984 with a corresponding decrease in the percentage of long-term debt from 27.5 percent in 1983 to 24.2 percent in 1984. Accounts receivable rose to 10 percent of total assets in 1984 from nine percent in 1983 and the average collection period increased from 23 days in 1983 to 26 days in 1984.

Medical-Party and Audio-Visual

The number of respondents in this category continued to drop from 33 in 1982 to 25 in 1983 and 19 in 1984. Return on investment declined substantially from 31.8 percent in 1983 to 24 percent in 1984, a ratio that is comparable, however, to the other two categories. Revenues to rental investment (net of accumulated depreciation) fell in 1984, but the ratio of rental revenues to the cost of rental equipment rose to 1.14 in 1984 the highest of all categories.

Occupancy cost as a percentage of gross operating profit rose to 12 percent in 1984 from eight percent in 1983. Depreciation declined from 13.3 percent in 1983 to 11.5 percent in 1984. Average net income before taxes in 1984 was \$36,100 compared to \$61,200 in 1983.

Net worth of soft-goods firms increased to 58.7 percent of total assets in 1984 from 54 percent in 1983. Long-term debt also increased, from 10.7 percent in 1983 to 17.3 percent in 1984.

Tables IV-1 and IV-2 contain income and expense statements and balance sheets for firms in the three categories. Table IV-3 includes key financial ratios.

TABLE IV-1. INCOME AND EXPENSE BY TYPE OF EQUIPMENT RENTED, 1984

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
Rental Income	142,666,264	60.89	91,419,726	74.60	7,389,871	74.24	_____
Merchandise & Equipment Sales	77,733,549	33.18	24,513,349	20.00	2,007,711	20.17	_____
Other Operating Income	13,910,953	5.94	6,616,816	5.40	556,785	5.59	_____
Total Operating Income	234,310,806	100.00	122,549,891	100.00	9,954,367	100.00	_____
Less Cost of Sales	59,738,773	25.50	17,359,763	14.17	1,543,681	15.51	_____
Gross Operating Profit	174,572,033	74.50	105,190,128	85.83	8,410,686	84.49	_____
OPERATING EXPENSES:							
Salaries & Wages	56,388,881	24.07	34,651,456	28.28	2,988,495	30.02	_____
Employee Benefits & Taxes	8,288,129	3.54	4,350,724	3.55	399,383	4.01	_____
Equipment Maintenance & Repair	15,473,370	6.60	8,038,153	6.56	500,295	5.03	_____
Shop Supplies & Expense	4,810,287	2.05	3,394,825	2.77	159,480	1.60	_____
Occupancy Cost	10,164,817	4.34	8,409,479	6.86	1,008,160	10.13	_____
Bad Debts Expense	2,784,822	1.19	985,554	0.80	63,845	0.64	_____
Office Supplies & Expenses	2,234,637	0.95	1,562,853	1.28	143,228	1.44	_____
Associations & Travel Expense	1,489,788	0.64	982,045	0.80	93,357	0.94	_____
Legal & Accounting	1,616,757	0.69	1,267,753	1.03	66,682	0.67	_____
Telephone & Other Communications	1,836,408	0.78	1,102,371	0.90	98,376	1.00	_____
Automobile & Truck Expense	3,990,138	1.70	1,887,085	1.54	279,435	2.81	_____
Insurance	4,283,728	1.82	3,180,617	2.60	229,738	2.31	_____
Advertising & Promotion	3,566,031	1.53	3,476,769	2.84	354,336	3.56	_____
Other Taxes	2,026,710	0.86	1,382,842	1.13	97,579	0.98	_____
Interest	7,126,270	3.04	3,863,114	3.15	129,172	1.30	_____
Franchise Fees	276,076	0.12	696,298	0.57	0	0.00	_____
Depreciation, Non-Rental Equipment	3,688,098	1.58	1,780,428	1.45	193,033	1.94	_____
Other Operating Expenses	3,772,808	1.61	2,132,054	1.74	158,648	1.59	_____
TOTAL OPERATING EXPENSES	133,827,767	57.12	83,144,420	67.85	6,964,252	69.96	_____
Operating Profit Before Rental Depr.	40,744,266	17.39	22,045,708	17.99	1,446,434	14.53	_____
Depreciation on Rental Equipment	23,016,405	9.82	11,781,423	9.61	770,012	7.74	_____
OPERATING PROFIT	17,727,661	7.57	10,264,285	8.38	676,422	6.80	_____
Other Income & Expense (Net)	904,041	0.39	236,596	0.19	9,733	0.10	_____
NET INCOME BEFORE INCOME TAXES	18,631,902	7.95	10,500,881	8.57	686,155	6.89	_____
NUMBER OF RESPONDENTS	146		211		19		

TABLE IV-2. BALANCE SHEETS BY TYPE OF EQUIPMENT RENTED, 1984

	Construction & Industrial		General Rental		Medical-Party Audio-Visual, Etc.		Insert Your Own Figures Here
	Dollars	Percents	Dollars	Percents	Dollars	Percents	
CURRENT ASSETS:							
Cash	11,293,745	6.82	7,953,301	9.03	608,399	12.52	
Accounts Receivable (Net)	27,527,778	16.63	8,863,916	10.06	491,307	10.11	
Merchandise Inventories	17,839,637	10.78	7,448,039	8.45	406,239	8.36	
Marketable Securities	1,086,561	0.66	652,118	0.74	43,436	0.89	
Prepaid Expenses	1,946,989	1.18	1,091,456	1.24	85,996	1.36	
Supplies Inventory	534,948	0.32	367,413	0.42	5,000	0.10	
Other Current Assets	2,429,318	1.47	2,898,778	3.29	98,954	2.04	
Total Current Assets	62,658,976	37.86	29,275,021	33.23	1,719,331	35.37	
Rental Equipment—Net Book Value	76,658,621	46.32	39,990,173	45.39	2,537,566	52.20	
Other Fixed Assets—Net Book Value	21,402,227	12.93	15,732,706	17.86	407,510	8.38	
Total Fixed Assets	98,060,848	59.25	55,722,879	63.25	2,945,076	60.59	
Other Assets	4,789,315	2.89	3,102,205	3.52	196,420	4.04	
TOTAL ASSETS	165,509,139	100.00	88,100,105	100.00	4,860,827	100.00	
CURRENT LIABILITIES:							
Accounts Payable	13,559,730	8.19	5,551,537	6.30	257,807	5.30	
Current Notes Payable	21,241,923	12.83	8,286,104	9.41	286,538	5.89	
Contracts Payable	1,961,318	1.19	714,176	0.81	41,023	0.84	
Customers' Rental Deposits	272,073	0.16	164,997	0.19	39,583	0.81	
Accrued Expenses	4,289,699	2.59	1,806,017	2.05	184,491	3.80	
Taxes Payable	2,223,122	1.34	1,473,660	1.67	144,283	2.97	
Other Current Liabilities	1,822,577	1.10	1,145,539	1.30	29,619	0.61	
Total Current Liabilities	45,370,442	27.41	19,142,030	21.73	983,344	20.23	
Long-Term Debt	41,522,273	25.09	21,350,692	24.23	839,976	17.28	
Other Liabilities	4,557,985	2.75	2,638,287	2.99	183,020	3.77	
Total Liabilities	91,450,700	55.25	43,131,009	48.96	2,006,340	41.28	
Net Worth	74,058,439	44.75	44,969,096	51.04	2,854,487	58.72	
TOTAL LIABILITIES & NET WORTH	165,509,139	100.00	88,100,105	100.00	4,860,827	100.00	
NUMBER OF RESPONDENTS	146		211		19		

TABLE IV-3. FINANCIAL RATIOS BY TYPE OF EQUIPMENT RENTED, 1981-1984

Financial Ratio	Construction & Industrial				General Rentals				Medical-Party Audio-Visual, Etc.			
	1984	1983	1982	1981	1984	1983	1982	1981	1984	1983	1982	1981
Current Ratio	1.36	1.40	1.39	1.25	1.53	1.50	1.45	1.65	1.75	1.27	1.73	1.58
Acid Test Ratio	.86	.90	.76	.71	.91	.93	.81	1.04	1.16	.61	.94	1.00
Return on Investment	25.2%	16.2%	11.7%	17.5%	23.4%	19.1%	9.7%	13.6%	24.0%	31.8%	17.1%	17.1%
Return on Total Assets	11.3%	8.1%	5.2%	7.3%	11.9%	9.2%	4.8%	6.2%	14.1%	17.2%	9.4%	8.5%
Return on Revenues	8.0%	6.1%	3.9%	5.3%	8.6%	6.5%	3.4%	4.3%	9.9%	8.4%	5.8%	4.9%
Average Collection Period (Days)	43	42	37	40	26	23	21	23	18	22	17	19
Profits on Rental Investment	24.3%	17.6%	12.2%	16.6%	28.3%	20.0%	9.9%	12.6%	27.0%	40.7%	24.5%	16.6%
Total Revenues to Rental Investment	3.1	2.9	3.2	3.2	3.1	3.1	2.9	2.9	3.9	4.8	4.2	3.4
Rental Revenues to Rental Investment	1.9	1.9	2.0	1.8	2.3	2.4	2.1	2.3	2.9	3.1	2.8	2.8
Rental Revenues to Equipment Cost	.61	.76	.82	.82	.98	.94	.87	.99	1.14	1.11	.99	.91
PERCENTS OF GROSS OPERATING PROFIT:												
Salaries & Wages	32.3	33.2	34.5	33.5	32.9	34.2	35.3	32.8	35.5	36.4	37.0	35.5
Employee Benefits	4.7	4.5	4.8	4.8	4.1	4.6	4.6	4.2	4.7	4.3	5.4	4.2
Total	37.0	37.7	39.3	38.3	37.0	38.8	39.9	37.0	40.2	40.7	42.4	39.7
Depreciation (All)	15.3	16.4	15.4	15.6	12.9	13.8	13.9	14.1	11.5	13.3	11.8	13.3
Occupancy Cost	5.8	5.5	5.6	4.9	8.0	8.3	8.3	8.4	12.0	8.0	9.7	8.3
Equipment Maintenance & Repair	8.9	8.6	7.8	7.6	7.6	7.8	7.6	8.7	5.9	4.0	4.9	5.5
Interest	4.1	4.5	5.7	6.4	3.7	3.5	4.5	4.4	1.5	2.5	3.3	3.5
Advertising & Promotion	2.1	2.2	2.3	2.2	3.3	3.5	3.2	3.1	4.2	3.7	4.3	4.3
Insurance	2.4	2.7	3.1	3.1	3.0	3.0	3.9	4.1	2.7	2.4	2.9	4.2
Shop Supplies & Expense	2.8	2.7	4.3	4.1	3.2	3.4	3.4	5.0	1.9	2.0	2.0	3.4
OPERATING PROFIT	10.2	6.8	4.2	6.1	9.8	6.8	2.9	4.0	8.0	10.4	6.5	5.0
NUMBER OF RESPONDENTS	146	134	153	148	211	204	195	146	18	25	33	35

SECTION V. FINANCIAL DATA RELATED TO REGION

FIGURE V-1. RETURN ON INVESTMENT
IN EACH A.R.A. REGION, 1983 & 1984

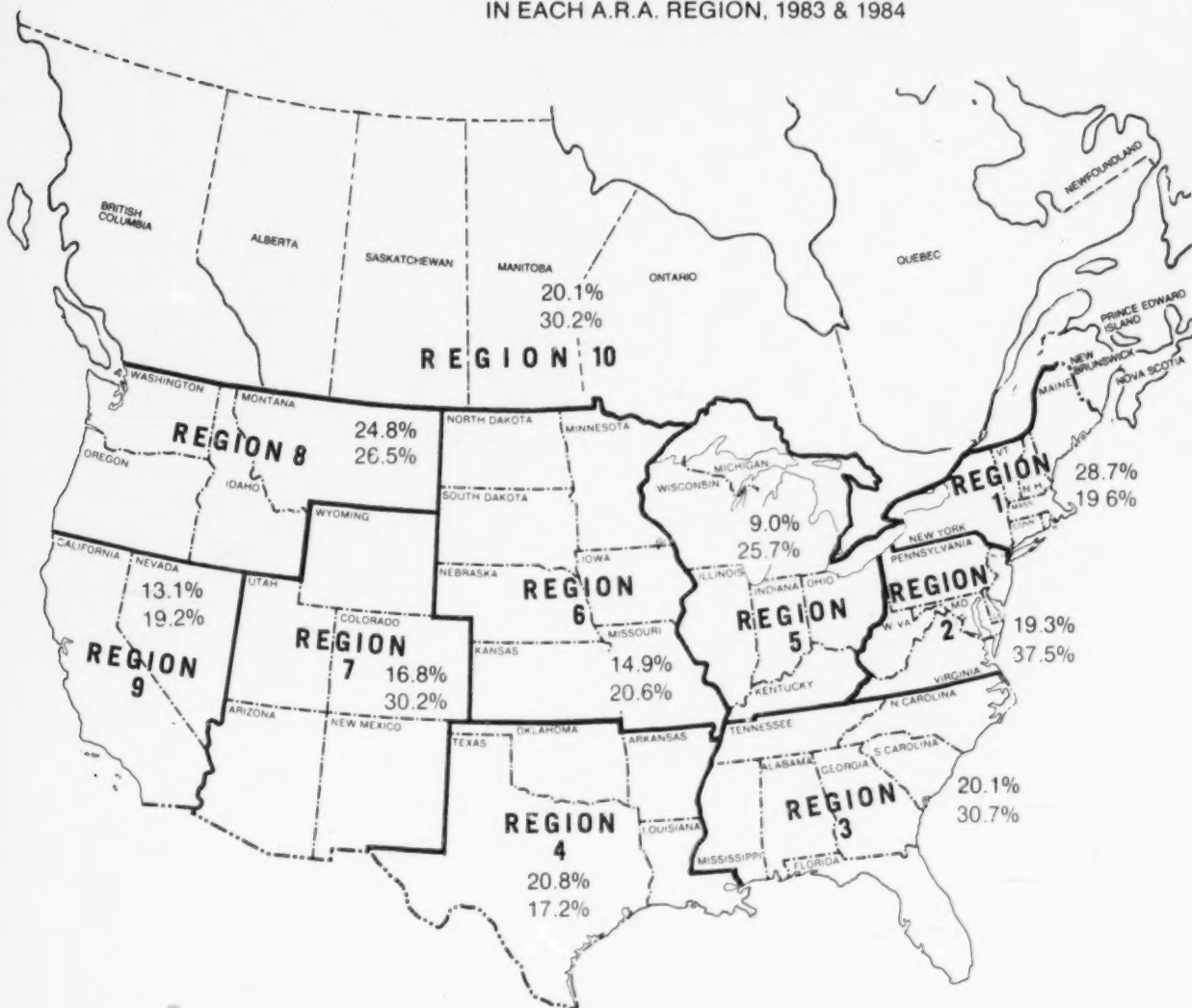


Table V-1 contains income and expense data by region, and Table V-2 presents balance sheet information. Key ratios for 1982-1984 for firms in each of the 10 regions are in Table V-3.

REGION 1: Connecticut, Massachusetts, Maine, New Hampshire, New York, Rhode Island, Vermont
 REGION 2: Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia
 REGION 3: Alabama, Florida, Georgia, Mississippi, North Carolina, South Carolina, Tennessee
 REGION 4: Arkansas, Louisiana, Oklahoma, Texas
 REGION 5: Illinois, Indiana, Kentucky, Michigan, Ohio, Wisconsin
 REGION 6: Iowa, Kansas, Minnesota, Missouri, Nebraska, North Dakota, South Dakota
 REGION 7: Arizona, Colorado, New Mexico, Utah, Wyoming
 REGION 8: Alaska, Idaho, Montana, Oregon, Washington
 REGION 9: California, Hawaii, Nevada
 REGION 10: Canada

TABLE V-1. INCOME AND EXPENSE BY REGION, 1984

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Rental Income	11,669,281	51.33	22,136,171	70.82	19,338,141	65.65	43,665,885	70.77	17,767,420	49.27
Merchandise & Equipment Sales	9,741,702	42.62	6,827,203	21.84	9,046,934	30.73	12,036,381	19.51	21,343,576	53.20
Other Operating Income	1,245,508	5.45	2,294,114	7.34	1,053,881	3.56	5,999,628	9.72	1,461,707	3.54
Total Operating Income	22,656,491	100.00	31,257,488	100.00	29,441,956	100.00	61,701,894	100.00	41,062,703	100.00
Less Cost of Sales	7,397,034	32.36	4,867,841	15.57	6,337,262	21.52	10,397,029	16.85	15,519,941	37.80
Gross Operating Profit	15,459,457	67.64	26,389,647	84.43	23,104,694	78.48	51,304,865	83.15	25,542,762	62.20
OPERATING EXPENSES:										
Salaries & Wages	5,620,354	24.59	8,111,287	25.95	7,066,980	24.07	15,657,858	25.38	8,638,978	21.62
Employee Benefits & Taxes	932,585	4.08	1,246,252	3.99	803,526	2.73	2,501,375	4.05	1,437,567	3.55
Equipment Maintenance & Repair	747,871	3.27	2,128,099	6.81	2,136,153	7.26	4,086,957	6.62	1,352,869	2.29
Shop Supplies & Expense	597,525	2.48	838,705	2.68	607,780	2.06	1,465,359	2.37	591,736	1.44
Occupancy Cost	1,188,025	5.20	1,880,586	6.02	1,415,990	4.81	2,724,485	4.42	1,627,034	3.96
Bad Debts Expense	99,162	0.43	265,389	0.85	254,511	0.86	894,674	1.45	374,321	0.91
Office Supplies & Expenses	375,782	1.64	300,915	0.96	281,465	0.96	570,656	0.92	422,262	1.03
Associations & Travel Expense	138,782	0.61	201,451	0.64	208,321	0.71	437,500	0.71	262,350	0.64
Legal & Accounting	142,438	0.62	191,392	0.61	193,829	0.66	422,547	0.68	310,487	0.76
Telephone & Other Communications	144,694	0.63	281,056	0.90	265,334	0.90	497,475	0.81	324,820	0.79
Automobile & Truck Expense	331,850	1.45	531,257	1.70	401,607	1.36	1,374,251	2.23	575,063	1.40
Insurance	509,819	2.23	719,246	2.30	641,316	2.18	1,440,357	2.33	628,871	1.53
Advertising & Promotion	515,077	2.25	787,681	2.52	498,223	1.69	1,194,082	1.94	704,598	1.72
Other Taxes	90,727	0.40	306,362	0.98	270,541	0.92	633,132	1.03	471,331	1.16
Interest	559,466	2.45	1,108,613	3.55	862,839	2.93	2,460,516	3.99	815,563	1.99
Franchise Fees	118,281	0.52	70,768	0.23	47,266	0.16	33,118	0.05	92,675	0.23
Depreciation, Non-Rental Equipment	329,411	1.44	546,964	1.75	553,690	1.85	1,309,312	2.12	594,160	1.45
Other Operating Expenses	149,553	0.65	531,808	1.70	316,344	1.07	1,441,755	2.34	756,011	1.84
TOTAL OPERATING EXPENSES	12,562,390	54.96	20,047,831	64.14	16,846,005	57.22	39,145,409	63.44	20,250,496	49.32
Operating Profit Before Rental Depr	2,897,067	12.48	6,341,816	20.29	6,258,969	21.26	12,159,456	19.71	5,292,366	12.89
Depreciation on Rental Equipment	1,540,530	6.74	3,307,900	10.58	3,127,080	10.62	8,536,545	13.84	2,573,823	6.27
OPERATING PROFIT	1,356,537	5.94	3,033,916	9.71	3,131,599	10.64	3,622,911	5.87	2,718,743	6.62
Other Income & Expense (Net)	-120,100	-0.53	139,245	0.45	93,773	0.32	372,672	0.60	-115,219	-0.25
NET INCOME BEFORE INCOME TAXES	1,236,377	5.41	3,173,161	10.15	3,225,372	10.96	3,995,583	6.48	2,603,524	6.34
NUMBER OF RESPONDENTS	33		37		44		45		45	

TABLE V-1. INCOME AND EXPENSE BY REGION 1984 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Carson 10	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Rental Income	1,570,782	53.63	26,507,479	80.34	12,824,980	71.35	42,059,985	72.66	30,734,767	65.12
Merchandise & Equipment Sales	10,982,271	40.45	4,772,640	14.47	4,023,101	22.30	12,863,331	22.22	12,105,505	27.21
Other Operating Income	1,608,752	5.92	1,712,974	5.19	1,127,848	6.27	2,962,599	5.12	1,827,548	3.96
Total Operating Income	27,171,781	100.00	32,993,093	100.00	17,975,925	100.00	57,885,915	100.00	44,667,818	100.00
Less Cost of Sales	8,016,667	29.50	3,398,980	10.30	2,679,387	14.91	9,951,357	17.19	10,076,591	22.54
Gross Operating Profit	19,155,114	70.50	29,594,113	89.70	15,296,538	85.09	47,934,558	82.81	34,591,227	77.34
OPERATING EXPENSES:										
Salaries & Wages	6,363,644	23.41	10,029,127	30.40	4,825,319	26.84	15,297,074	26.43	12,148,011	27.38
Employee Benefits & Taxes	712,225	2.62	1,312,741	3.98	700,389	3.90	2,217,417	3.83	5,153,678	11.56
Equipment Maintenance & Repair	1,271,377	4.67	2,795,371	8.47	1,457,409	8.11	5,259,673	9.09	2,843,045	6.35
Shop Supplies & Expense	558,455	2.05	918,410	2.78	460,268	2.57	1,310,671	2.26	1,025,605	2.31
Occupancy Cost	1,341,423	4.94	1,629,668	4.94	1,225,225	6.82	3,318,238	5.73	3,230,765	7.24
Bad Debts Expense	128,573	0.47	313,694	0.95	188,083	1.04	783,322	1.35	538,339	1.21
Office Supplies & Expenses	222,016	0.82	387,651	1.17	186,060	1.04	701,815	1.21	492,068	1.11
Associations & Travel Expense	134,088	0.49	214,007	0.65	154,892	0.86	409,005	0.71	405,007	0.91
Legal & Accounting	304,541	1.12	322,519	0.98	109,240	0.61	603,979	1.04	349,935	0.78
Telephone & Other Communications	225,443	0.83	201,079	0.61	125,771	0.70	480,675	0.83	491,804	1.11
Automobile & Truck Expense	436,430	1.57	375,749	1.14	103,989	0.58	763,018	1.32	1,273,444	2.86
Insurance	985,556	3.62	659,947	2.00	363,029	2.01	1,778,011	3.07	343,135	0.77
Advertising & Promotion	727,956	2.68	540,372	1.64	374,853	2.09	1,063,770	1.84	1,010,554	2.21
Other Taxes	196,947	0.72	348,597	1.06	188,805	1.05	768,375	1.33	233,314	0.52
Interest	683,566	2.53	844,647	2.56	692,321	3.84	1,476,954	2.55	1,844,041	4.13
Franchise Fees	441,206	1.62	144	0.00	761	0.00	157,950	0.27	10,243	0.02
Depreciation, Non-Rental Equipment	288,057	1.06	424,108	1.29	304,989	1.70	742,907	1.28	577,973	1.28
Other Operating Expenses	382,120	1.39	357,271	1.08	255,823	1.42	1,120,249	1.94	772,548	1.74
TOTAL OPERATING EXPENSES	14,881,052	54.77	21,675,102	65.70	11,730,198	65.26	38,253,103	66.08	28,544,853	64.16
Operating Profit Before Rental Depr.	4,273,827	15.73	7,919,011	24.00	3,566,337	19.84	9,681,455	16.73	5,946,374	13.31
Depreciation on Rental Equipment	2,265,090	8.41	3,448,230	10.45	2,319,522	12.90	5,991,549	10.35	2,437,756	5.46
OPERATING PROFIT	1,988,742	7.32	4,470,781	13.55	1,246,815	6.94	3,689,906	6.37	3,408,618	7.61
Other Income & Expense (Net)	124,217	0.46	-87,780	-0.27	222,238	1.24	347,957	0.60	173,428	0.39
NET INCOME BEFORE INCOME TAXES	2,112,959	7.76	4,383,001	13.28	1,469,053	8.17	4,037,863	6.98	3,582,047	8.00
NUMBER OF RESPONDENTS	42		37		26		32		26	

TABLE V-2. BALANCE SHEETS BY REGION, 1984

	Northeast 1		Eastern 2		Southeast 3		Southwest 4		Great Lakes 5	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	1,200,015	9.75	1,661,384	8.14	2,175,260	10.00	4,037,588	7.98	1,425,251	6.34
Accounts Receivable (Net)	1,995,506	16.22	2,831,629	13.87	3,025,758	13.91	5,935,713	11.73	4,640,428	20.53
Merchandise Inventories	2,193,714	17.83	1,970,647	9.65	1,803,830	8.29	2,968,781	5.86	4,416,570	19.08
Marketable Securities	346,379	2.82	35,690	0.17	157,487	0.72	337,330	0.67	80,148	0.36
Prepaid Expenses	147,550	1.20	202,316	0.99	293,091	1.35	484,019	0.96	237,102	1.05
Supplies Inventory	24,932	0.20	43,704	0.21	26,542	0.12	211,009	0.42	22,200	0.10
Other Current Assets	192,252	1.56	1,748	0.06	259,841	4.41	763,656	1.51	250,782	1.11
Total Current Assets	6,100,346	49.58	6,757,118	33.09	8,441,835	39.50	14,738,096	29.12	11,076,739	49.11
Rental Equipment—Net Book Value	4,102,976	33.35	10,129,619	49.61	10,112,249	46.48	27,260,986	53.86	7,888,304	34.97
Other Fixed Assets—Net Book Value	1,742,008	14.16	3,157,654	15.46	2,620,912	12.05	7,902,924	15.61	3,215,406	14.26
Total Fixed Assets	5,844,984	47.50	13,287,273	65.07	12,733,161	58.53	35,163,910	69.47	11,101,706	49.22
Other Assets	359,279	2.92	374,541	1.83	581,281	2.67	716,617	1.42	374,811	1.66
TOTAL ASSETS	12,304,611	100.00	20,418,932	100.00	21,756,277	100.00	50,618,623	100.00	22,553,056	100.00
CURRENT LIABILITIES:										
Accounts Payable	1,050,564	8.54	1,218,225	5.97	1,808,798	7.30	2,649,301	5.23	2,576,122	11.42
Current Notes Payable	1,213,554	9.86	2,849,272	13.95	2,853,179	13.11	7,551,349	14.92	2,852,503	12.65
Contracts Payable	61,507	0.50	0	0.00	0	0.00	157,616	0.31	171,778	0.76
Customers' Rental Deposits	36,766	0.30	43,434	0.21	34,276	0.16	67,163	0.13	32,096	0.14
Accrued Expenses	23,424	1.93	275,806	1.35	519,333	2.39	1,566,809	3.10	813,998	3.61
Taxes Payable	200,207	1.63	480,394	2.35	455,575	2.09	447,589	0.88	252,588	1.12
Other Current Liabilities	82,482	0.67	465,034	2.28	149,580	0.69	166,715	0.33	225,728	1.00
Total Current Liabilities	2,862,704	23.43	5,332,165	26.11	5,618,830	25.83	12,606,542	24.90	6,924,913	30.70
Long-Term Debt	2,376,048	23.37	6,244,712	30.58	5,341,917	24.55	12,974,758	25.63	5,234,811	23.21
Other Liabilities	229,028	1.86	374,486	1.83	304,047	1.40	1,797,639	3.55	276,463	1.23
Total Liabilities	5,967,780	48.66	11,951,363	58.53	11,264,803	51.78	27,378,939	54.09	12,436,087	55.14
Net Worth	6,316,831	51.34	8,467,569	41.47	10,491,474	48.22	23,239,684	45.91	10,118,969	44.86
TOTAL LIABILITIES & NET WORTH	12,304,611	100.00	20,418,932	100.00	21,756,277	100.00	50,618,623	100.00	22,553,056	100.00
NUMBER OF RESPONDENTS	33		37		44		45		45	

TABLE V-2. BALANCE SHEETS BY REGION, 1984 (Continued)

	Midwest 6		Rocky Mountain 7		Northwest 8		Pacific 9		Canada 10	
	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents	Dollars	Percents
CURRENT ASSETS:										
Cash	1,042,737	5.96	2,744,295	10.87	686,628	5.24	4,242,002	10.33	638,098	1.87
Accounts Receivable (Net)	1,947,340	11.17	2,790,975	11.06	1,430,986	10.93	5,532,844	13.47	6,751,840	19.86
Merchandise Inventories	2,575,012	14.77	852,809	3.38	1,265,918	9.67	3,387,151	8.25	4,259,222	12.53
Marketable Securities	145,636	0.84	401,293	1.59	18,863	0.14	88,516	0.22	170,958	0.50
Prepaid Expenses	95,896	0.55	187,985	0.74	142,267	1.09	966,562	2.35	347,853	1.02
Supplies Inventory	6,025	0.03	139,772	0.55	48,237	0.37	140,233	0.34	244,707	0.72
Other Current Assets	898,786	5.16	522,403	2.07	272,875	2.06	953,547	2.32	601,158	1.77
Total Current Assets	6,711,434	38.50	7,639,532	30.27	3,065,777	29.52	15,310,855	37.29	13,011,894	36.26
Rental Equipment—Net Book Value	7,894,474	45.26	12,782,474	50.65	7,480,630	57.20	20,495,630	49.92	11,031,018	32.45
Other Fixed Assets—Net Book Value	2,411,165	13.83	3,681,023	14.59	1,531,364	11.85	4,017,447	9.78	7,282,544	21.37
Total Fixed Assets	10,305,639	59.11	16,463,497	65.24	9,021,994	69.05	24,513,077	59.70	18,293,562	53.82
Other Assets	416,790	2.39	1,132,539	4.49	208,439	1.59	1,236,743	3.01	2,687,100	7.97
TOTAL ASSETS	17,433,863	100.00	25,235,568	100.00	13,296,210	100.00	41,060,675	100.00	33,992,256	100.00
CURRENT LIABILITIES:										
Accounts Payable	914,588	5.25	1,239,868	4.91	617,613	4.72	2,435,755	5.93	5,051,242	14.89
Current Notes Payable	902,898	4.60	2,662,784	10.55	1,901,852	14.52	3,421,108	8.33	3,706,266	10.90
Contracts Payable	221,055	1.27	661,046	2.62	149,012	1.14	1,187,441	2.89	107,062	0.31
Customers' Rental Deposits	22,858	0.13	52,004	0.21	43,959	0.34	130,385	0.32	13,514	0.04
Accrued Expenses	419,277	2.40	784,802	3.11	254,826	1.95	1,052,060	2.56	355,872	1.05
Taxes Payable	266,987	1.53	521,612	2.07	123,072	0.94	478,003	1.16	615,038	1.81
Other Current Liabilities	521,890	2.99	23,480	0.09	96,383	0.74	224,482	0.55	1,041,081	3.06
Total Current Liabilities	3,169,351	18.18	5,945,596	23.56	3,186,717	24.33	8,929,234	21.75	10,899,855	32.07
Long-Term Debt	3,710,398	21.28	4,169,942	16.52	3,827,470	29.23	9,674,592	23.56	9,658,293	28.41
Other Liabilities	290,275	1.67	598,497	2.37	546,518	4.17	1,378,968	3.36	1,583,371	4.66
Total Liabilities	7,170,024	41.13	10,714,035	42.46	7,560,705	57.73	19,982,794	48.67	22,147,519	65.14
Net Worth	10,263,839	58.87	14,521,533	57.54	5,735,505	42.27	21,077,881	51.33	11,850,737	34.86
TOTAL LIABILITIES & NET WORTH	17,433,863	100.00	25,235,568	100.00	13,296,210	100.00	41,060,675	100.00	33,992,256	100.00
NUMBER OF RESPONDENTS	42		37		26		32		35	

TABLE V-3. FINANCIAL RATIOS BY REGION, 1982-1984

Financial Ratio	Northeast 1			Eastern 2			Southeast 3			Southwest 4			Great Lakes 5		
	1984	1983	1982	1984	1983	1982	1984	1983	1982	1984	1983	1982	1984	1983	1982
Current Ratio	2.12	1.36	2.00	1.27	1.45	1.15	1.53	1.41	1.47	1.17	1.30	1.07	1.06	1.72	2.47
Acid Test Ratio	1.23	.92	1.08	.66	.91	.62	.91	.81	.84	.82	.97	.55	.86	.76	1.25
Return on Investment	19.6%	20.7%	20.9%	37.5%	19.3%	10.1%	20.7%	20.1%	15.8%	17.2%	23.6%	21.8%	15.7%	9.0%	7.9%
Return on Total Assets	10.0%	12.8%	10.4%	15.5%	7.4%	4.0%	14.8%	10.0%	7.7%	7.5%	11.4%	9.3%	11.5%	6.4%	4.3%
Return on Revenues	5.4%	7.6%	5.8%	10.2%	4.8%	2.9%	11.0%	6.9%	5.4%	6.5%	10.6%	7.9%	8.3%	3.7%	2.9%
Average Collection Period (Days)	32	34	29	33	37	37	38	33	29	35	36	29	41	37	32
Profits on Rental Investment	30.1%	27.6%	30.8%	31.3%	18.2%	8.6%	11.9%	11.2%	17.6%	14.7%	22.3%	20.5%	13.0%	13.3%	11.7%
Total Revenues to Rental Investment	5.6	3.6	5.3	3.1	3.2	3.0	2.9	3.1	3.3	2.3	2.1	2.6	5.2	4.2	4.1
Rental Revenues to Rental Investment	2.8	2.3	2.9	2.2	2.3	2.0	1.8	2.1	2.2	1.8	1.6	1.7	2.5	2.4	2.4
Rental Revenues to Equipment Cost	1.12	1.00	1.04	.85	.80	.73	.84	.85	.83	.78	.74	.83	.81	.84	.92
PERCENTS OF GROSS OPERATING PROFIT:															
Salaries & Wages	36.4	36.2	38.0	30.7	34.1	33.9	30.7	34.6	33.9	30.5	28.2	32.1	34.8	37.4	37.8
Employee Benefits	6.0	6.0	7.0	4.7	4.9	4.6	3.8	5.3	4.7	4.8	4.4	4.4	5.7	5.4	4.7
Total	42.4	42.2	45.0	35.4	39.0	38.5	34.5	39.9	38.6	35.4	32.6	36.5	40.5	42.8	42.5
Depreciation (All)	12.1	12.2	11.6	14.6	13.5	14.1	15.9	16.6	16.4	19.2	20.6	16.5	12.4	15.3	14.6
Occupancy Cost	7.7	6.4	7.1	7.1	8.4	8.6	6.1	6.7	5.4	6.7	4.1	4.6	5.4	6.4	7.6
Equipment Maintenance & Repair	4.8	3.0	4.1	6.1	7.8	6.8	6.2	8.8	9.4	8.3	6.2	7.4	5.9	5.6	6.5
Interest	3.8	4.8	3.9	4.9	4.8	6.7	3.7	3.5	3.6	4.8	4.3	6.4	3.2	3.8	4.2
Advertising & Promotion	3.3	2.8	2.8	3.0	3.6	2.9	2.3	2.4	2.5	2.3	2.1	2.2	2.8	3.4	2.9
Insurance	3.3	3.2	3.8	2.7	3.0	3.8	2.8	2.6	3.5	2.8	2.3	3.1	2.8	3.0	3.7
Shop Supplies & Expense	3.7	2.6	2.9	3.2	2.3	3.2	2.6	2.8	2.8	2.8	2.4	3.4	2.3	2.1	2.6
OPERATING PROFIT	8.8	9.2	7.2	11.5	5.5	2.4	13.6	7.1	5.9	7.1	11.1	8.8	10.6	3.8	3.1
NUMBER OF RESPONDENTS	33	33	42	37	38	39	44	53	47	45	35	39	45	53	66

TABLE V-3. FINANCIAL RATIOS BY REGION, 1982-1984 (Continued)

Financial Ratio	Midwest 6				Rocky Mountain 7				Northwest 8				Pacific 9				Canada 10			
	1984	1983	1982		1984	1983	1982		1984	1983	1982		1984	1983	1982		1984	1983	1982	
Current Ratio	2.12	1.33	1.10		1.28	1.75	1.61		1.21	1.77	1.76		1.71	1.84	1.69		1.18	1.03	1.09	
Acid Test Ratio	1.98	1.05	.52		1.09	1.37	1.17		.87	1.17	1.15		1.10	1.20	.99		.88	.58	.56	
Return on Investment	20.8%	14.8%	4.0%		30.2%	18.8%	7.8%		22.5%	24.8%	15.9%		19.2%	13.1%	Loss		20.2%	23.1%	8.1%	
Return on Total Assets	12.1%	8.3%	1.9%		17.4%	9.9%	4.6%		11.2%	11.7%	8.5%		9.6%	7.5%	Loss		10.5%	6.4%	2.6%	
Return on Revenues	7.6%	8.9%	1.4%		13.3%	7.8%	3.5%		8.2%	8.2%	6.1%		7.0%	5.3%	Loss		9.1%	4.0%	1.6%	
Average Collection Period (Days)	26	23	22		31	31	26		29	29	24		35	35	39		58	41	43	
Profits on Rental Investment	26.8%	15.8%	3.2%		34.3%	28.7%	9.8%		19.6%	24.8%	18.1%		19.7%	12.3%	Loss		22.2%	13.3%	8.1%	
Total Revenues to Rental Investment	3.4	2.7	2.4		2.8	2.8	2.8		2.4	3.3	3.0		2.8	2.9	2.2		4.0	4.6	5.0	
Rental Revenues to Rental Investment	1.8	1.8	1.8		2.1	2.2	2.1		1.7	2.3	2.1		2.1	2.1	1.6		2.5	2.7	2.9	
Rental Revenues to Equipment Cost	.83	.80	.87		.83	.81	.82		.81	.81	.83		.89	.79	.64		1.10	1.05	1.17	
PERCENTS OF GROSS OPERATING PROFIT:																				
Salaries & Wages	33.2	32.8	30.0		33.8	33.2	39.4		31.5	32.3	32.2		31.9	33.1	34.2		35.3	35.6	37.7	
Employee Benefits	3.7	3.8	4.1		4.4	5.1	6.8		4.8	6.0	5.6		4.7	4.1	4.1		3.4	3.1	3.1	
Total	36.9	36.4	34.1		37.9	40.3	46.2		36.1	37.3	37.8		36.5	37.2	38.3		38.7	38.7	40.8	
Depreciation (All)	13.4	14.8	14.8		18.3	15.3	14.4		17.2	15.4	15.0		14.0	15.5	17.0		8.8	10.8	11.5	
Occupancy Cost	7.0	6.3	7.5		5.4	6.5	5.8		8.0	7.4	9.3		6.8	6.5	5.9		9.4	8.6	8.1	
Equipment Maintenance & Repair	6.9	8.8	9.7		9.3	9.9	8.8		9.5	7.7	5.9		11.0	9.8	9.2		8.3	7.3	6.9	
Interest	3.5	3.4	5.5		2.8	3.1	3.5		4.5	3.8	3.6		3.1	3.7	5.7		4.8	4.5	6.5	
Advertising & Promotion	3.8	3.8	3.1		1.8	2.3	2.2		2.5	2.6	2.8		2.2	1.8	2.4		2.9	3.5	3.6	
Insurance	3.1	3.4	3.7		2.7	2.7	2.9		2.4	2.8	3.4		3.7	3.8	4.7		1.0	1.0	0.9	
Shop Supplies & Expense	2.9	4.3	5.9		3.1	2.8	3.3		3.1	4.4	4.2		2.1	3.0	3.4		3.0	3.1	7.7	
OPERATING PROFIT	10.4	6.5	0.5		14.9	8.1	2.9		8.2	8.6	5.3		7.7	5.5	Loss		9.9	4.8	1.8	
NUMBER OF RESPONDENTS	42	34	43		37	32	33		26	25	23		32	26	24		35	29	25	

